



The Education Continuum (Episode 003)

0:00:18 Andy: Hello, Andy Tanner here, welcome to this edition of The Cash Flow Academy Show, this is where we discuss all things investing and cash flow, this is the place to go and to show up if you wanna learn more about how to bring more cash flow in your life. So I congratulate you for being with me today, I'm excited for the topic.

In a previous broadcast, I answered a question, someone said, one of my team member said, Andy, how did you get started in investing, how did you learn about cash flow, how did you learn about making money for yourself? And so we talked a little bit about the story and that spurred some other questions and I love it when people say, hey Andy, I'd love to have a topic on this, they'll send in an email, what have you and as a teacher, you learn a lot about what people learn. In that particular episode, we've talked about active learning and passive learning and in this one's a little bit different, it's the process of how people learn. And having taught thousands and thousands of people now, I began to observe how people learn and this is in my books so you will be a little bit familiar with this if you've read the book.

But in my book 401 Chaos, I talked about money coming from education before it comes from investments and I developed something I called the education continuum and that sounds like a fancy word especially for a regular guy like me but the reason I called that is it seemed that people say you're either educated or you're not, that's not true, education is not a continuous. So for example someone says, Andy, are you educated on the stock market? That's a tough question for me to answer because I think there's people in the world that know more about it than I do and I think there's people in the world that know less about it than I do. So in some ways, are my children educated on the topic of the stock market? I would say, yeah they are if you compare them to most of the kids in their age group. Andy, do you know about investing, do you have an investor education? Well, I might say yes depending on who's on the roof with me. I can certainly find circles I can walk in to and I say, I know nothing, I'm one of the most ignorant person in the room.

And so education does exist on a continuum. When I'll teach a course, sometimes people feel, I think school does this to us a little bit, we say, do you have a degree? Yes, I have an economics degree therefore I know economics. Well, that means I know something about economics and I'm at least school smart, I can pass a test on economics. Can I invest? That might remain to be seen.

So education exists on a continuum and I label 4 areas and these are really quantum leaps along a continuum. So if you picture and imagine the beginning of a continuum is we have a level of ignorance. Now, ignorance doesn't mean that you and I are dumb if we're ignorant and



it doesn't mean we're bad, there's a really negative connotation, he's just ignorant or she's ignorant or what have you and that shouldn't be that way. Look, ignorance comes from the word ignore and even that doesn't need to have a negative connotation. Look, when it comes to quantum physics, I've largely ignored that in my life and it doesn't make you and I bad person if we don't know everything, when it comes to certain culinary skills, I'm sure I'm extremely ignorant because I'm gonna let people who are good at that do the cooking not me, that's for sure and when it comes to certain musical instruments, I might be ignorant. And so we can exist by simply not knowing anything about something by being oblivious to it by it not being in our purview, I'm sure there's the things you've heard the sing, there's the things that you don't know that you don't know that doesn't make us bad which just means we're in the ignorance level when it comes to being educated on a continuum. Again, there's the old saying, you don't know what you don't know, it's really is true. I'd imagine most of the universe is still in that, there's probably more that we don't know that we don't know as mankind in the universe and there's probably greater body of knowledge that we're completely oblivious to than the amount of things that we know so that's a big deal.

Well, when it comes to investing, I think many people exist there, they exist in ignorance. I think this is one of the reasons that we have participations in 401k-s. I mean, think about it, if you knew how to invest, why would you put your money in 401k, why would you let Wall Street take a chunk of that? Why would you pay someone to do something that could be easily done more effectively if you knew how to invest? There's certain things you hire out but when it comes to investing, if you could make those decisions, why hire someone to make those decisions for you unless you're ignorant as to what to do. So buying large, school ignores financial education, I'll say that again, buying large, school ignores financial education. So when it comes to that particular topic, ignorance is where person is.

Now, the next step in its quantum leap in the education continuum and it's not just for finances, I find it for anything in life is when we make this quantum leap towards the other end of the continuum, we start heading away from ignorance when this happens is awareness. Now, awareness does not denote a completeness and I don't like to be stereotypical, I think it's a big mistake to lump people in and say, all men are this way or all women are this way or all Americans are this way or all Australians is this, that's a mistake coz we're very diverse. With that disclaimer or whatever you wanna call it, I found that men are sometimes a little bit more stubborn, that doesn't say you ladies can't be, okay? There's times where you could be stubborn as well but men, we tend to be pretty sure of ourselves in, I think it's funny coz when someone becomes aware of something, sometimes we exalt ourselves to expert status in a 5 minute less, oh boy, I got this handled really quick and awareness is simply awareness, I know something exist so now I know what I don't know, I know a little bit more about what I don't know.



For example, let's say there's a place that's remote somewhere in a continent where it's not inhabited by any modern technology and a young man is out there on the plains hunting and gathering in a less advanced society and he sees an airplane for the first time and he never supposed to himself that he could fly but now that he sees an airplane, maybe it comes down and there's some safari guys that land on a river in boat plane, he says, my gosh, man can fly, well now he's aware, he's got a new purview. Now he doesn't know how to fly a plane, he doesn't know how to land a plane, he doesn't know how to deal with one in a storm or how to deal with altitude or amplitudes but he does know that it's possible and I think that's really a great quantum leap.

Maybe someone reads a book on investing and I think that's what books can do, they can begin to make you aware. I don't know that they make us proficient but they make us aware. And the reason the education continuum can be important is it helps you and I have the humility to know where we are now as opposed to where we've maybe like to be and it also creates some wonderful discontents, say well Andy, how much do you know about x, y, z? Well, I know nothing about it, I'm ignorant of that. Well, are you satisfied, is there any discontent there? Or yah, I'm aware but I don't know much about it but I'm aware. Well okay, are you happy with where you are? Many times you can be happy in ignorance, many times you can be happy in awareness, there's certain topics that I just don't care about and I don't have a problem being ignorant in. Value is in the eye of the beholder, right? And it's not valuable to me, it's not valuable to you.

But when it came to financial education, I wanted more than ignorance and I certainly wanted more than awareness, I wasn't content just to be aware. And so once someone understands the possibilities, once someone understands, gee, I'm aware that there are charts and candlesticks, I'm aware that there's something called fundamental analysis. I might not know much about fundamentals, I might not know much about chart but at least I know they're there and I'm interested and I feel discontent with my awareness, I wanna know more. So then we make another quantum leap and I take a little poetic license in defining these terms but I think about making the leap from awareness into what I call competence. And the definition, you can get a dictionary definition, whatever it may say but in the context and meaning that I would like to convey with the idea of competence is book smart, in other words, I could go to school and sit in a classroom and have an instructor relay a bunch of information, I could memorize it, I could understand it and I could regurgitate it on a paper on a written test or an oral exam, I could explain it or write about it and I get an A on the test. I'm competent, I have a completeness of that knowledge, of that area, I can pass a basic test and I'm competent in charts.

Now, a lot of people and I think this is a weakness of school is I think is the school's goal is they get you, we look at a model student who graduates with what's called Suma Cum Laude or Cum



Laude and we say, boy, this person really mastered this topic, this person is very knowledgeable, he's at the top of his class, he must have learned it better than other people and we look at that as a pinnacle or a peak, we look at that to be as an ending that boy, now I know everything there is to know about quantum physics or now I know everything there is to know about accounting because you can give me any question, I can answer it.

And so I tell you why I think that has a limitation, I think it has a limitation via application, let me show what I mean with that. Let's say that you had never seen a lake or an ocean or a river, okay? You just never have. And so I take you to a beach for the first time and I say now, there's this thing called swimming and it's a lot different than when you're on the land because you're gonna be floating on the water and the movements are different and the feeling is different, shredding around in the liquid is certainly much different than the way you experience on a ground. So what I'm gonna do is I'm gonna give you a book in a class on swimming and in this book, we're going to learn the breaststroke, the freestyle, the butterfly, the sidestroke, we're gonna learn all these different, the backstroke, we're gonna learn all these distance strokes and I'm gonna quiz you on the techniques, how to hold your hands, how to move your arms, how to control your breathing, when to breathe, when not to breathe and we're gonna spend a few days reading this book and having these lectures and in the end, I'm gonna give you some diagrams and you're gonna identify is this the breaststroke or identify this stroke or your head should be above or below the water, true or false, whatever. And I give you this test on swimming and you pass it and you get an A, Suma Cum Laude, you now have a total competency of every component of swimming and you've had what I would call an intellectual ascent to some trues.

And yet if I take you out in a boat and I throw you over the edge, you're not proficient, you can't get it done, there's no proficiency and so that's another leap in the education continuum is the difference and the chasm, if you will, that exists between being book smart with something and then being able to apply it in a meaningful way in your own life. And I think that's one of the weaknesses, I don't wanna call it a weakness, maybe a shortcoming would be a better term, in school, it's one shortcoming of school is we've made this shift to if a person's brain is wise, we assume that they can apply it and I don't think that's a fair assumption. We could take other metaphors and I think it'd be worth taking the time to explore other metaphors to drive this very important point home because we know that education is where cash flow comes from and a person, we're not serious about cash flow if we're not serious about being a serious student about it. And again, money doesn't come necessarily from the asset, plenty of people buy stock and lose money, plenty people go in a business and lose money, the money doesn't come from business, real estate, commodities and stocks, it comes from what you know and how proficient you are not competent, proficient. You can be competent and be a teacher but to actually do it, there must, must, must be proficiency.



So let's revisit another metaphor, music theory, I could get a book on music theory and learn what a staff is and a treble clef and a bass clef. I can learn the duration of the notes, a quarter note, an eighth note, sixteenth note. I can learn their pitch, this is a C sharp, this is a B flat. I could learn codas and repeats and a stanza. I could learn ties and slurs and all these vocabulary that those in a musical community would identify with, right? I can learn dynamics like mezzo forte in piano, I can learn tempos and allegro. I can learn different types of language and the reality of it is if you give me, as a very poor percussionist, very average percussionist, a drummer, if you give me some sheet music and a test, even in a piano music or a French horn or any other music, if you give me a test on basic music theory, I'll probably show a level of competency that's above average in the population, above average, I can speak that language. But if you seat me down behind a piano, it's a mess and because I can understand it intellectually, I can regurgitate much of it in terms of competence but my proficiency with musical instruments is really limited to my drum kit, it really is. And even then, I have more intellectual capacity and more competency than I have in proficiency.

Even though I'm not half bad and most people don't think I'm half bad. If you need a band for a wedding and you can afford a good band, just have us, we'll come, I wish I'm on the audience. My high school band, I have a bunch of guys, we're on the high school, we still play but we have a level of proficiency and we could not make that music with mere music theory and competency, it's just not the way it works. So those are couple of metaphors, swimming, playing basketball, you could learn the rules of the game and read the rulebook and understand the object, the game and even be a great commentator, maybe even be a great coach.

My coach in college, Rick Majerus, was probably one of the best teachers of that game on planet earth, he's probably in the top 50 – 100 people that have ever taught that game out of billions of people in the earth but he's probably one of the worst players ever, rest his soul, he's a horrible player. And even as a coach, my body can't, I'm not proficient in that basketball skill anymore, I've lost my ability to do it. So proficiency denotes your ability to do it where competency is you can get an A on a test.

I think the education within is so vital because as I've watched people and my capacity as a teacher, I've seen people make many, many mistakes, I've seen people get stuck in ignorance where they don't know what they don't know and they hire other people to handle the things they don't know. Boy, what a dangerous thing because that way, you might have the fox watching the henhouse and if you don't know there's a fox in the hen, you could be in trouble.

I've seen people in arrogance that wants to become aware, it's hilarious especially in the options market, a person learns what an option is and they learn maybe what a strike price is and a premium and next thing you know, they think they're George Soros and they go out and



they lose all their money because they were merely aware, they weren't remotely close in competency or proficiency. So there's a real danger in looking at education in black and white either you know it or you don't because you lose the appreciation that it is on a continuum and you can get yourself in trouble.

How do you know when you're ready to invest? Well, you've got to know there's a level of proficiency before we put in major trades and start to really make major plays. A level of competency can be very deceptive, a person becomes book smart, they might not be able to apply that in their real lives. So as you think about where you are in any given topic, it will be a huge help to you as a student of cash flow to ask yourself a simple question, where do I exist on the education continuum given a topic? For example, let's suppose that I'm going to give a speech on technical analysis which is just a fancy term of reading charts and technical analysis and maybe we can breakdown a piece of that where part of reading a chart is something called a candlestick chart, we'll just stick with that, a candlestick chart. So when it comes to candlestick charts, am I ignorant? Well no, no, I know what they are. Am I aware? Yes, I know what they are. Am I competent, could I list the different types of candles and am I proficient in using them to actually invest?

It works that way with any topic, if I bring up the topic of let's say option trading, are you ignorant of option trading right now? Are you aware, do you know a little bit about what it is which would be able to pass a test on it? Have you studied and become book smart on options but have failed in being able to actually make money with them and proficiencies. So I love the education continuum because it gives people a guide, a sense of safety, I say, man, I'm not ready to do this yet, I need to move along the education continuum before I hop in, it makes it safer. It also helps people create education goals, it helps me self-identify where I am, identify a level of discontent possibly of where I am and it really shows me a roadmap of where I'd like to go and what I'd like to do.

So you can see it on my website, you can study it, I do mention it briefly in my book 401 Chaos which you can also get for free at 401chaos.com and you can learn more about the education continuum. And then work all things cash flow, real estate, am I ignorant, am I aware, competent or proficient? The 4 x market, ignorant, aware, competent, proficient. And do I want to be proficient in real estate or do I want to be proficient in business or do I wanna be proficient in paper assets like stocks and options? So I thought that was a great request that we got saying, Andy, I wanna know more about how you see financial education, how do I track my financial education? We do it with the education continuum, where are now, do you feel discontent, do you feel desire to move along, if so, get it done.



So that's a little bit, a nice episode on the education continuum, it's something that I use often as I teach. When I teach courses, I'll say, hey, this is where, I'll tell my students, this is where you are on the continuum and by the end of this lesson, this is where you should be on the continuum so it's been a very, very valuable tool for my students, very, very valuable tool for myself and my own life and I hope as you think about those 4 quantum leaps, ignorance, awareness, competency, proficiency that it helps you organize your own educational goals and of course as you pursue proficiency, the byproduct of that is cash flow and that's why we talk about it here on The Cash Flow Academy Show. Great to spend this time with you, 'til next time, this is Andy Tanner wishing you the best and hoping you bring more and more education and more and more cash flow in your life.

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