



WHY YOU NEED TO KNOW YOUR CIRCLE OF COMPETENCE

Questions to help you identify what's in your circle of competence

1. If your current colleagues were asked about your strengths, what do you think they would mention first?
2. Thinking over a range of contexts, both in your current and past roles, what abilities do you seem to have in greater measure than many others?
3. Do colleagues sometimes come to you for some help? If so, what kinds of things do they turn to you for?
4. When your team is embarking on a critical project, what aspects of it would you find yourself offering to take on?
5. What do you really enjoy doing?
6. What events or activities bring you a great deal of satisfaction?
7. Looking back over your life, what have you always cared about?
8. What forces, people and events have most influenced you and your interests?

The world of work in the 2020s

Demographer Bernard Salt has been analysing census data his entire career. He's interested in interpreting this publicly available resource to forecast trends that will help individuals, businesses and governments set better strategy. One of these trends concerns the world of work and the jobs of the future. Based on the data, Salt predicts a tumultuous decade of change ahead, an era of disruption, characterised by the demise of certain job categories and the rise of others. Here and internationally, Salt believes the coming years will belong to the agile and the adaptable – to people who can apply their skills flexibly in order to find something commercially useful, whatever circumstances prevail. But to be able to do this successfully, you'll need to have an accurate sense of your talents and skills, and reflect them in a compelling personal value proposition.

Identifying your 'circle of competence'

Warren Buffet introduced the term 'circle of competence' in his 1996 'Shareholder Letter.' He wanted to encourage his readers to operate only in areas they knew and understood. He stressed that, while the size of the circle is not important, knowing its boundaries is vital.

It's a straightforward idea. Most of us have built up a certain skill set and a particular body of knowledge. When you're in this zone, you're something of an expert. You know your stuff. Others turn to you and experience you as influential.

Knowing the boundaries of your circle of competence means that you can try to operate within the circle as often as possible. Of course, over time, you'll want to deepen and extend what's in the circle. But knowing its limits enables you to be comfortable saying "I don't know." This self-insight will also help you assess whether an opportunity is 'on' or 'off' strategy for you. Inside the circle, you have enough mastery to be flexible and adaptable. You can apply your strengths in fresh ways and take on new challenges appropriately and comfortably. Outside the circle, you are more exposed. The risk is that you dilute and diminish your talents so much that your unique value proposition gets lost.

You'll need time and perseverance

Creating a circle of competence takes time, focus and effort, for sure. But it's worth it. Even a single outstanding skill can be worth more than a bunch of mediocre ones. In this, persistence and self-regulation will be critical attributes. Most worthwhile things need time to develop. The psychologist Roy Baumeister has investigated self-control in a wide range of studies. For example, he's tracked subjects over many years and shown that those with the ability to manage their emotions and behaviour (through self-regulation and willpower) enjoy enormous

advantages over those who can't stick at something long enough to achieve mastery. Perseverance requires 'delaying gratification,' or putting off some short term pleasure for longer term benefits that you value. He found such people enjoyed happier and more successful lives, both professionally and personally.

Baumeister points out that there are two big predictors of success in life: self-control and IQ. But there's an important distinction. It's very hard to influence your level of IQ – it's established quite young and affected by a lot of factors outside your control, such as your genetic inheritance. But you can definitely improve your self-control and the advantages of doing so are immense! People with reasonable levels of self-control have the willpower and focus to invest in their circle of competence.

Passions, interests and aptitude

When you're thinking about what you'd identify as being in your circle of competence, it can be useful to distinguish between interests and aptitudes. Over and over again, studies show that you'll do better if you have a passion for (or at least a strong interest in) something for which you also have an aptitude. For instance, when writing about Warren Buffet's life, the author Peter Bevelin quipped, "If he had gone into ballet, no one would have heard of him!"

Think of a skill that you enjoy exercising and believe you're reasonable at as well. If you could increase your effectiveness from 'OK' to 'terrific,' what difference might this make to your career opportunities and job satisfaction? What sustained actions on your part would help you make that shift?

Taking 'aptitude' into account also helps you to ensure your goals are realistic and feasible. A goal that's right for you will inspire and excite you. But you'll also be able to design a plan to get there. If you can't or your plan doesn't stand up to the scrutiny of friends who care about you, it might be more useful to build forward from your current circumstances in stages. Unreasonable expectations are a direct route to unhappiness!

What's in the circle for you?

Just as all successful organisations have a business model that helps define their purpose and their value proposition, so you need one for yourself. In our coaching work with clients over many years, we've seen that it isn't usually a lack of information about the market or their sector that holds people up. More often, it's because they lack information about themselves. Self-insight and reflection are critical steps, helping you accurately identify the strengths and talents within your circle of competence. Equipped with this snapshot, you're ready to design a compelling value proposition that will ensure you can stay relevant in changing times.