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# Chapter 1: THINK AND GROW RICH

**Think and Grow Rich is a curation of the 13 most common habits of wealthy and successful people, distilled from studying 500 individuals over the course of 20 years.**

In the Autumn of 1908, steel magnate Andrew Carnegie gave the young journalist Napoleon Hill a challenge. He asked him to create a concrete philosophy of success based on the experience of the world’s greatest achievers. A couple of decades and thousands of pages of research later, Think and Grow Rich became an international bestseller.

***What Is ’Think and Grow Rich’ About?***

Think and Grow Rich is the combined wisdom from more than 500 of America’s most successful individuals. Their insights were then narrowed down into 13 principles and contribute to what Hill refers to as an overall “Philosophy of Achievement.”

However, refusing to let Think and Grow Rich be defined purely as a method or system for success, Hill stated that the goals of his book were:

* 1. To help the reader become self-aware.
  2. To help the reader understand how to become more effective amidst the immutable laws of the universe.

***What Are the 13 Principles of Think and Grow Rich?***

Napoleon Hill’s 13 principles of success present a philosophy of achievement that is intended to be mulled over. This Think and Grow Rich summary will look at each of the 13 principles in turn. They are as follows:

1. Desire
2. Faith
3. Auto-suggestion
4. Specialized Knowledge
5. Imagination
6. Organized Planning
7. Decision
8. Persistence
9. The Power of the Master Mind
10. Sex Transmutation
11. The Subconscious Mind
12. The Brain
13. The Sixth Sense

Uniquely philosophical and, at times, veering on spirituality, Think and Grow Rich has become a seminal book for entrepreneurs, CEOs, and individual thinkers alike. By reading the key points from this Think and Grow Rich chapter summary, you’ll learn how to master your subconscious and command your destiny.

## DESIRE: THE STARTING POINT OF ALL ACHIEVEMENT

Hill states that the key to success is to define a goal and to pour all of your energy, power, and effort into achieving it. It may take many years before you are successful, but if you hold onto your desire, you will eventually attain what you seek.

Merely wishing for money will get you nowhere. However, to desire riches by way of an obsessive goal, a meticulous plan, and not accepting failure as an option, you’ll become rich. To help you do so, Hill presents the Think and Grow Rich six steps:

1. Decide exactly how much money you wish to make, to the dollar.
2. Determine what you are willing to give to receive this amount of money.
3. Choose a date by which you want to have amassed this amount of money.
4. Create a plan of how to achieve your goal and begin at once.
5. Write all of the above down in a clear statement.
6. Read this written statement aloud, twice a day – first thing in the morning and last thing at night. Visualize your life as if you already own this amount of money.

While being able to visualize yourself as rich may seem challenging at first, it’s only those individuals who are “money conscious” that become successful. To be money conscious is to see yourself in possession of great wealth before you attain it. You will only become rich if you possess a deep desire for money, and you stop at nothing to get it.

## FAITH: VISUALIZATION OF AND BELIEF IN ATTAINMENT OF DESIRE

Faith is a state of mind that you must learn to cultivate. Through repeating affirmations and instructions, a state of faith is created in the subconscious thanks to the process of auto-suggestion. Any impulse of thought that is continuously repeated and entered into the subconscious mind eventually becomes a continuous loop of thought.

However, this can also have negative consequences. In addition to positive thought patterns, we can also enforce negative ones that can result in us believing that we are unworthy, doomed, or a failure. Hill, therefore, argues that it’s our beliefs alone that determine the nature of our subconscious. By repeating affirmations, you can reprogram your mind to visualize and, thus, to feel and believe that your success is guaranteed.

The mind takes on the nature of the influences that guide it. A positive mind is more fertile to faith, and faith is the starting point for all success. The greatest factor holding you back from success? A lack of self-confidence. Hill suggests this five-fold Think and Grow Rich affirmation exercise to repeat in writing and then learn by memory to increase your self-confidence:

1. Know that you are capable of achieving your goal, and you must promise to be persistent in pursuit of this endeavor.
2. The dominating thoughts of your mind will result in physical action and change your reality. You must, therefore, spend 30 minutes each day thinking about the type of person you want to become.
3. For ten minutes each day, focus on increasing your sense of self-confidence.
4. Write down a description of your goal, and don’t stop reaching for it until it’s attained.
5. Come to realize that you cannot have enduring success if you attain it through immoral means. Therefore, make a promise to only engage in a transaction if it benefits all that are involved. A negative attitude towards humanity will never bring you success.

Commit this method to memory, and repeat it aloud once a day to become successful.

## AUTO-SUGGESTION: THE MEDIUM FOR INFLUENCING THE SUBCONSCIOUS MIND

Auto-suggestion is synonymous with self-suggestion. It’s the bridge between the conscious and the subconscious mind. Merely reading words aloud will have no impact. You have to attach emotion to the words. When reciting your affirmations, as laid out in the previous chapter, you must encourage your desire to consume you. Your subconscious will only act upon thoughts that are felt.

Therefore, Hill recommends adding the following to the Think and Grow Rich six steps previously laid out in the chapter on desire:

1. Find a quiet place where you won’t be disturbed, and repeat aloud your written statement. As you do so, visualize having that money.
2. Repeat this morning and night until you have a clear image in your mind of all the money you wish to make.
3. Place this written statement where you can see it first thing in the morning and last thing at night. Read it until you have committed it to memory.

## SPECIALIZED KNOWLEDGE: PERSONAL EXPERIENCES OR OBSERVATIONS

There are two types of knowledge: Specialized and general. General knowledge is of little use when attempting to accumulate wealth. Knowledge only generates money when organized and specifically directed to a definite end. To become successful, you must require specific knowledge in the area in which you intend to make your fortune.

If the amount of knowledge required exceeds your capacities, Hill recommends creating a “MasterMind” group. This group should consist of individuals who have the knowledge you seek and who you can manage to help attain your goal.

## IMAGINATION: THE WORKSHOP OF THE MIND

Within your imagination is where all plans are created and formed. The only limitation you face depends on how much you develop your imagination. According to Hill, there are two types of imagination: synthetic and creative.

Through synthetic imagination, you reformulate existing concepts, ideas, and plans into new forms. Nothing is created in this form of imagination because it works with existing mental material. Creative imagination is what springs forth from hunches and inspiration. Within it, new ideas are formed. This type of imagination can only be reached when your conscious mind is being stimulated through desire. It’s a muscle that must be trained.

Ideas are the starting point for all fortunes, and they are the product of the imagination. It can be useful to look at some of the most successful companies of all time, such as Coca-Cola, and remind yourself that it once began as a single idea. Indeed, a truly wise salesperson will know that ideas can be traded where tangible merchandise cannot.

Nearly all considerable fortunes begin when an individual with a great idea meets an individual who sells ideas. When matched with desire, ideas are unstoppable forces. They are more powerful than the brains that created them. Thus, you must listen, cultivate, and develop a desire to see them through.

## ORGANIZED PLANNING: THE CRYSTALLIZATION OF DESIRE INTO ACTION

To put your plan into action, Hill recommends following these four Think and Grow Rich steps:

1. Ally yourself with a MasterMind group that consists of people who will help you carry out your plan.
2. However, before assembling the group, be sure to ascertain what it is you can offer each of the members in return for their work.
3. Meet with the group at least twice a week, or more if possible, until a solid plan has been created.
4. Maintain good relations between you and the group at all times.

To obtain your fortune, you will need to collaborate with others. No individual can make it entirely on their own. If your plans fail, go back to the drawing board and keep trying until a plan works. Thomas Edison made 10,000 failed plans before he perfected the incandescent light bulb. His key to success was that he never gave up and kept formulating new plans when the previous ones had failed. To plan intelligently is the key to securing your fortune.

## DECISION: THE MASTERY OF PROCRASTINATION

After analyzing the data accrued from interviewing more than 25,000 men and women, Hill came to the conclusion that a lack of decision, e.g., procrastination, was one of the leading causes for failure. The most successful people make decisions quickly and definitely. Those who struggle to make a decision are often easily persuaded by the opinions of others.

However, Hill states that to be easily persuadable means that you lack desire and, therefore, will not reach your goals. Learn to trust yourself, and if you need information, only get it from trusted sources. Those who make decisions quickly know what they want and how to get it. The world bends to those whose actions and words indicate that they know where they are going. To decide requires courage. It’s only the bold who go on to achieve great fortunes.

## PERSISTENCE: THE SUSTAINED EFFORT NECESSARY TO INDUCE FAITH

Persistence is built upon strength of will. When desire is combined with willpower, little can stop you from reaching your goals. Most give up the minute things get too challenging. To persist in the face of adversity is the only way to advance.

If you find yourself struggling with a lack of persistence, by putting in some concerted effort, you can overcome this hurdle. How easily you’ll be able to persist depends exclusively on how intense your desire to reach your goals is. Here, Hill suggests reminding yourself of your daily affirmations. Further, if you have carefully assembled your Mastermind group, they can prove beneficial in encouraging you to stay on track.

Hill puts forward an eight-stage Think and Grow Rich action plan to cultivate persistence. It goes as follows:

1. Definiteness of purpose: Knowing exactly what you want.
2. Desire: Becoming obsessed with amassing your monetary fortune.
3. Self-reliance: Belief that you can follow your plan increases your persistence.
4. Definiteness of plans: Organized, thorough plans guide you forward.
5. Accurate knowledge: Ensuring that your plans are based on fact.
6. Co-operation: Members of your Master Mind can encourage you to persist.
7. Willpower: Concentrating your attention on seeing your plans through to completion.
8. Habit: Persistence is the direct result of habit. What you do daily becomes who you are. By repeatedly acting courageously, fear can be overcome.

## POWER OF THE MASTER MIND: THE DRIVING FORCE

To accumulate money, you must have power. Without power, you cannot put your plans into action. Hill states there are three ways of accumulating power, and they are:

1. Infinite intelligence
2. Accumulated experience
3. Experiment and research

Knowledge is converted into power by organizing it into definite plans. However, knowledge cannot be acquired alone. If your plans are thorough, then they will require the knowledge of others. By using the knowledge of the members of your Mastermind group, you can generate power. Cooperative alliances underpin nearly every great fortune ever amassed. A collection of minds produces results far greater than the sum of their parts.

## THE MYSTERY OF SEX TRANSMUTATION: THE TENTH STEP TOWARDS RICHES

The word “transmute” means to transform one element or form of energy into another. Hill argues that sex is our most primal and powerful drive. So strong is this desire that individuals often put their life and reputation on the line to indulge in it. However, Hill argues that, when this sexual energy is redirected into other pursuits, it can have a far more potent effect. While this takes a significant amount of willpower, he maintains that the effort is worth it.

Nonetheless, Hill is quick to point out that he isn’t advocating that the sexual drive be repressed, it should simply be given alternative outlets that can enrich the mind, body, and soul. A transmuted sexual drive results in phenomenal creative ability. Creative imagination, Hill states, is humankind’s sixth sense. Creativity originates within us, but it isn’t guided by us. All of the best artists become great because they are adept at listening to the “still small voice” that speaks from within. The same can be said of all successful people, artists, and CEOs alike.

## THE SUBCONSCIOUS MIND: THE CONNECTING LINK

While you cannot control your subconscious mind, you can suggest it mulls over specific plans, desires, or goals that you wish to achieve. However, the subconscious can only be voluntarily directed through the process of habit. As your subconscious functions 24/7, you must be wary of the types of negative thought patterns and unproductive habits you are feeding into it. You must act to move away from such negative influences and move towards cultivating more positive, desire-driven states of mind.

The subconscious is more receptive to thoughts that come accompanied by an emotion. Hill states that it’s only emotionalized thoughts that translate into action. It is, therefore, worthwhile familiarizing yourself with what constitutes a negative or a positive emotion. Hill uses the metaphor that emotions attached to thought are like yeast in a loaf of bread; they encourage action, e.g., they make the bread rise. Depending on whether the emotion is positive or negative will result in either a remarkable or disastrous loaf of bread.

## THE BRAIN: A BROADCASTING AND RECEIVING STATION FOR THOUGHT

Hill firmly believed that the brain was capable of picking up the thought vibrations of other brains. However, he put forward that it’s only thoughts that have been “stepped up” to an exceedingly high rate of vibration that carry between minds. Hill argues that if one is engaging in sex transmutation, then their thoughts will vibrate with a greater frequency.

To operate your mental “broadcasting” abilities to the optimum, Hill suggests that you focus on cultivating your subconscious and your creative imagination thanks to the art of auto-suggestion.

## THE SIXTH SENSE: THE DOOR TO THE TEMPLE OF WISDOM

Hill believed in an “Infinite Intelligence” that could be tapped into when the subconscious was vibrating at a particularly high, positive frequency. However, he also states that it is possible for the Infinite Intelligence to communicate to an individual without them having cultivated a suitable mental state beforehand. Hill refers to the creative imagination as the sixth sense. What people call “flashes of inspiration,” or “hunches,” Hill believed were messages from the Infinite Intelligence. The sixth sense is, therefore, a combination of the mental and the spiritual.

When you learn to listen to the messages of your sixth sense, you will know when to avoid dangers and when to seize opportunities. It acts as a guardian angel of sorts. Hill argues that if you have accepted the previous chapters of his book, you will now be ready to accept this notion of the sixth sense without skepticism. The ability to listen to this power happens gradually while the other principles are being realized.

## HOW TO OUTWIT THE SIX GHOSTS OF FEAR

Before you are ready to integrate the philosophy laid out in this book, Hill states that you must ensure that you aren’t being held back by any of what he refers to as “the six basic fears.” The six fears are as follows:

1. The fear of poverty, embodied by indifference, indecision, doubt, worry, over-caution, and procrastination.
2. The fear of criticism, embodied by self-consciousness, lack of poise, an inferiority complex, extravagance, lack of initiative, and lack of ambition.
3. The fear of ill health, embodied by hypochondria, poor exercise, susceptibility, self- coddling, and intemperance.
4. The fear of the loss of someone’s love, embodied by jealousy, fault finding, and gambling.
5. The fear of old age, embodied by slowing down and developing an inferiority complex around the age of 40, referring to oneself apologetically as “being old,” and killing off the habits of initiative, imagination, and self-reliance.
6. The fear of death, embodied by focusing on dying rather than living, lack of purpose, and lack of suitable occupation.

Hill states that all fears can be grouped into one of these headings. As all emotionalized thoughts translate into physical action, all thoughts attached to fear can never result in acts of significant financial gain. However, fear is nothing but a state of mind, and the mind can be directed. Therefore, you can control your fate by controlling your mind and, thus, overcome fear and accumulate all of your desired riches.



# Chapter 2: RICH DAD POOR DAD

**Rich Dad Poor Dad tells the story of a boy with two fathers, one rich, one poor, to help you develop the mindset and financial knowledge you need to build a life of wealth and freedom.**

Robert Kiyosaki, author of Rich Dad Poor Dad, had two main influential fathers in his life. Poor Dad was Kiyosaki’s biological father, a man who was highly intelligent and very well educated.

Poor Dad believed in studying hard and getting good grades, then finding a well-paying job.

Yet, despite these seemingly positive attributes, Poor Dad didn’t do well financially.

Rich Dad was the father of Kiyosaki’s best friend. He had a similar work ethic to Kiyosaki’s real dad, but with a twist. Rich Dad believed in financial education, learning how money works, and understanding how to make money work for you. Although he was an eighth-grade dropout, Rich Dad eventually became a millionaire by putting the power of money to work for him.

The book is written from Kiyosaki’s perspective of how Rich Dad went about making money and the mistakes that Poor Dad made. The first six chapters of Rich Dad Poor Dad make up about two-thirds of the book and discuss the six lessons that Kiyosaki learned from his Rich Dad.

## THE RICH DON’T WORK FOR MONEY

Oftentimes people misunderstand the title of this chapter, and mistakenly believe that it means the rich don’t work. In fact, the complete opposite is true.

Instead of reading the chapter title as “The Rich Don’t Work for Money”, what Kiyosaki means to say is that “The Rich Don’t Work for Money.” Note that by putting the emphasis on the word “money” this section takes on an entirely different meaning.

The truth is that the majority of rich people do work very hard, but they go about it differently than most people do. Rich people – and people who want to become rich – work and learn every day how to put money to work for them. As Rich Dad says, “The poor and middle class work for money. The rich have money to work for them.”

Kiyosaki also notes that having a regular job is just a short-term solution to the long-term problem (or challenge) of creating wealth and financial freedom: “It’s fear that keeps most people working at a job: the fear of not paying their bills, the fear of being fired, the fear of not having enough money, and the fear of starting over.

That’s the price of studying to learn a profession or trade, and then working for money. Most people become slaves to money – and then get angry at their boss.”

## WHY TEACH FINANCIAL LITERACY?

The second chapter of Rich Dad Poor Dad explains the difference between an asset and a liability. Chapter 2 drives home the point that it’s not about how much money you make, but about how much money you keep.

An asset is something that has value, that produces income or appreciates, and has a market where the asset can easily be bought and sold:

* Assets produce income
* Assets appreciate
* Assets do both

Conversely, liabilities take money out of your pocket because of the costs associated with them. When Rich Dad Poor Dad was first published back in 1997, Kiyosaki created a lot of controversy with this statement.

That’s because by definition, a personal residence isn’t an asset unless it appreciates enough to offset the costs of ownership. On the other hand, rental property is an asset because it can generate enough passive income to exceed the expenses of operating and financing the real estate.

As Kiyosaki writes in Chapter 2 of Rich Dad Poor Dad, “Want to grow rich? Concentrate your efforts on buying income-producing assets – when you truly understand what an asset is. Keep liabilities and expenses low. You’ll deepen your asset column.”

## MIND YOUR OWN BUSINESS

There are two key messages in this chapter.

* First, pay off your debts and start investing in income-producing assets as soon as possible.
* Next, stay financially healthy by spending your time (instead of your paycheck) and investing as much of your money as possible in assets.

Kiyosaki notes in Chapter 3 of Rich Dad Poor Dad that most people confuse their profession with their business. In other words, they spend their entire lives working in somebody else’s business and making other people rich.

One of my favorite quotes from this section is:

*“The primary reason the majority of the poor and middle class are fiscally conservative is that they have no financial foundation. They have to cling to their jobs and play it safe. They can’t afford to take risks.”*

## THE HISTORY OF TAXES AND THE POWER OF CORPORATIONS

When reading this chapter, it’s important to keep in mind that Kiyosaki wrote Rich Dad Poor Dad as a motivational book, not to provide expert financial or tax advice.

For example, Kiyosaki writes about the time he bought a Porsche and treated it as a business expense, using before-tax dollars. Buying a high-end luxury car when a much less expensive make and model would do could put an investor on the fast track to an IRS audit.

But putting the Porsche aside, the points made in this chapter discuss how to play the investment game smart. The rich understand the power of company structures and the tax code and use every legal means they can to minimize their tax burden.

Compare how business owners and investors with corporations such as C Corps, S Corps, or LLCs pay taxes to how most people pay tax:

***Business owners with a corporate structure:***

* Earn
* Spend
* Pay taxes

***Employees who work for corporations:***

* Earn
* Pay taxes
* Spend

Notice that employees who work for somebody else spend their money post-tax, while business owners earn and spend before paying tax.

Chapter 4 of the book also covers the four main components of what Kiyosaki calls “Financial IQ”: Accounting, Investment Strategy, Market Law, and Law.

As Rich Dad Poor Dad reminds us, understanding the legal and [tax](https://learn.roofstock.com/blog/selling-rental-property) [advantages](https://learn.roofstock.com/blog/selling-rental-property) significantly contribute to building long-term wealth:

*“For instance, a corporation can pay expenses before paying taxes, whereas an employee gets taxed first and must try to pay expenses on what is left… Corporations also offer legal protection from lawsuits. When someone sues a wealthy individual, they are often met with layers of legal protection and often find that the wealthy person actually owns nothing [in their own name]. They control everything, but [personally] own nothing.”*

## THE RICH INVENT MONEY

Inventing money means finding opportunities or deals that other people don’t have the skill, knowledge, resources, or contacts for.

In Chapter 5, Rich Dad Poor Dad explains there are two types of investors:

Investment packages are bought by people who entrust their money to a developer or fund manager. This is the way that most people invest, such as buying shares of an ETF or putting money into a real estate crowdfunding venture.

Professional investors look after their own investments, research the market to [find](https://learn.roofstock.com/blog/off-market-properties) [deals that make sense,](https://learn.roofstock.com/blog/off-market-properties) then hire professionals to manage the daily oversight. Professional investors have three things in common:

* Identify opportunities that other people have not found
* Raise funds for investment
* Work with other intelligent people

Here’s one of my favorite closing thoughts from this chapter:

*“Some people argue that there aren’t real estate bargains where they are, but there are prime opportunities everywhere that are overlooked. Most people aren’t trained financially to recognize the opportunities in front of them.”*

## WORK TO LEARN – DON’T WORK FOR MONEY

Poor Dad was intelligent and well educated and worked for money because job security meant everything to him. Rich Dad became a millionaire by working to learn.

As Kiyosaki writes:

*“I recommend to young people to seek work for what they will learn, more than what they will earn. Look down the road at what skills they want to acquire before choosing a specific profession and before getting trapped in the Rat Race.”*

In fact, that’s exactly what Kiyosaki did. He joined the Marines after graduating from college and learned the essential business skills of leading and managing people. After serving his country, Kiyosaki joined Xerox, overcame his fear of rejection to become one of the top five salespeople in the company, then left the corporate world to form his own business.

Chapter 6 of Rich Dad Poor Dad then discusses the synergy of management skills needed for success in business:

* Cash flow management
* Systems management
* People management

## OVERCOMING OBSTACLES

Chapter 7 of Rich Dad Poor Dad begins by noting that “the primary difference between a rich person and a poor person is how they manage fear.”

Robert Kiyosaki isn’t talking about the type of fear that some people have when going to the dentist or watching The Exorcist. In the book, “fear” is about the fear of losing money and how to handle that fear.

It’s one of the five biggest obstacles people face on the path to becoming financially independent:

* Fear
* Cynicism
* Laziness
* Bad habits
* Arrogance

These roadblocks – and the failure to overcome them – are why people who have studied and achieved financial literacy are still unable to develop assets that generate plentiful amounts of cash flow.

***Fear***

Losing money is a fact of investing life, and so is the fear that comes along with it. Kiyosaki notes that he’s never met a rich person who has never lost money, but he’s met plenty of poor people who have never lost a dime because they’ve never invested.

Real estate investors who choose to act only on a “sure thing” are paralyzed by fear in disguise. People who can’t see the big picture and think big are the ones who almost never, ever succeed in investing or in life.

***Cynicism***

Everybody has doubts that affect self-confidence, and it’s easy to fall into the trap of playing “What if?” especially when friends and family are constantly reminding you of your potential shortcomings.

Things like the economy crashing, interest rates rising, and tenants not paying their rent are common “what if” fears that all real estate investors have. While these are important items to consider, it’s important not to allow the cynicism of others to overtake your control. Otherwise, you may become immobilized as opportunities pass you by.

***Laziness***

In today’s interconnected world it’s easy to confuse being busy with actually accomplishing things that matter. In fact, according to Rich Dad Poor Dad, busy people are often the most lazy.

Busy people arrive at the office early and leave late. They bring work home to finish at night and on the weekends. Before they know it, the people and things that matter most to them have disappeared.

Instead of giving in to the call of the rat race and mistaking action for accomplishment, successful real estate investors are proactive and take care of themselves and their wealth first.

***Bad habits***

Habits control behavior. For example, most people pay their bills first before they pay themselves. The result is that there’s usually very little left over at the end of the month for investing.

Paying yourself first – even if you don’t have enough money to pay other people - makes you financially stronger, mentally and fiscally. In a way, it’s a form of reverse psychology.

When you develop the habit of paying yourself first, you become motivated by the fear of not being able to pay creditors. In turn, you begin looking for other forms of income like investment real estate.

***Arrogance***

Investors know what makes them money. But it’s the things they don’t know – and don’t know they don’t know – that makes them lose money. When people become truly arrogant, they honestly believe that what they don’t know doesn’t matter.

Train yourself to listen to what other people have to say, especially when it comes to money and investing. If you discover you’re ignorant about a subject, educate yourself or find an expert in the field.

Overcoming these five biggest obstacles on the path to real estate success requires a blend of balance and focus. There are plenty of “Chicken Littles” in the world today -- people with a victimhood mentality who live their lives in cynicism and pessimism.

Rich Dad Poor Dad suggests filtering negative people and their fears out of your life. Instead, concentrate on the big picture and always ask, “What’s in it for me?”

## GETTING STARTED

In Chapter 8, Rich Dad Poor Dad tells us that “there is gold everywhere, most people are not trained to see it.”

Part of this lack of vision and clarity comes from the world we live in. We’re trained from a very young age to work hard for someone else, spend the money that we earn, and borrow more if we run short.

Unfortunately, people who choose to become one of the masses never take the time to develop their financial genius.

[Investing in real estate](https://learn.roofstock.com/blog/how-to-become-a-real-estate-investor) is the perfect example. The average person can spend a week out in the field and find nothing, while the investor who has trained himself can easily find four or five deals that make sense in a single day!

Here are the 10 steps to follow to develop your financial genius and discover the gold that’s already out there, just waiting to be found:

1. Have a deep emotional reason or purpose for doing what you do, a combination of wants and don’t wants.
2. Understand the power of choice and choose daily what to do, including choosing the right habits and educating yourself.
3. Choose your friends carefully by leveraging the power of association, being careful not to listen to poor or frightened people.
4. Master the power of learning quickly and develop a formula for making money.
5. Pay yourself first by mastering the power of self-discipline to manage your cash flow, people, and personal time.
6. Select great people for your team and compensate them generously for their advice, because the more money they make the more money you will make.
7. Ask “How fast do I get my money back?” by focusing on return of investment first, followed by return on investment.
8. Use money generated by assets you own to buy luxuries by focusing on self-discipline to direct money to create more.
9. Have a role model to follow and tap into the power of their genius to put to your use.
10. Realize that if you want something, you need to give something first.



# Chapter 3: THE MAGIC OF THINKING BIG

**The Magic of Thinking Big gives you several starting points to develop and strengthen the most important trait of successful people: believing in yourself.**

The Magic of Thinking Big contains the secrets to getting the most out of your job, your marriage and family life. The book illustrates how you don’t need to be incredibly intelligent or unique to have the success you want, you simply need to think in a way that cultivates success. By thinking big you can motivate yourself to improve your work life, earn more money and get more happiness and fulfillment out of life.

## BELIEVE YOU CAN SUCCEED AND YOU WILL

Here are the three guides to acquiring and strengthening the power of belief:

* Think of success, don’t think of failure. At work, in your home, substitute success thinking for failure thinking. When you face a difficult situation, think, “I’ll win,” not “I’ll probably lose.” When you compete with someone else, think, “I’m equal to the best,” not “I’m outclassed.” When opportunity appears, think “I can do it,” never “I can’t.” Let the master thought “I will succeed” dominate your thinking process. Thinking about success conditions your mind to create plans that produce success. Thinking failure does the exact opposite. Failure thinking conditions the mind to think other thoughts that produce failure.
* Remind yourself regularly that you are better than you think you are. Successful people are not supermen. Success does not require a super intellect. Nor is there anything mystical about success. And success isn’t based on luck. Successful people are just ordinary folks who have developed belief in themselves and what they do. Never—yes, never—sell yourself short.
* Believe Big. The size of your success is determined by the size of your belief. Think of little goals and expect little achievements. Think big goals and win big success. Remember this, too! Big ideas and big plans are often easier—certainly no more difficult – than small ideas and small plans.

## CURE YOURSELF OF EXCUSITIS, THE FAILURE DISEASE

Excusitis appears in a wide variety of forms, but the worst types of this disease are health excusitis, intelligence excusitis, age excusitis, and luck excusitis.

***“But My Health Isn’t Good.”***

Refuse to talk about your health.The more you talk about an ailment,even the common cold, the worse it seems to get. Talking about bad health is like putting fertilizer on weeds. Besides, talking about your health is a bad habit. It bores people. It makes one appear self-centered and old-maidish. One may (and let me emphasize the word may) get a little sympathy, but one doesn’t get respect and loyalty by being a chronic complainer.

Refuse to worry about your health.Dr.Walter Alvarez,emeritus consultant to the world- famous Mayo Clinic, wrote recently, “I always beg worriers to exercise some self-control. For instance, when I saw this man (a fellow who was convinced he had a diseased gallbladder although eight separate X-ray examinations showed that the organ was perfectly normal), I begged him to quit getting his gallbladder X-rayed. I have begged hundreds of heart-conscious men to quit getting electrocardiograms made.”

Be genuinely grateful that your health is as good as it is.There’s an old saying worth repeating often: “I felt sorry for myself because I had ragged shoes until I met a man who had no feet.” Instead of complaining about “not feeling good,” it’s far better to be glad you are as healthy as you are. Just being grateful for the health you have is a powerful vaccination against developing new aches and pains and real illness.

Remind yourself often,“It’s better to wear out than to rust out.”Life is yours to enjoy. Don’t waste it. Don’t pass up living by thinking yourself into a hospital bed.

***“But You’ve Got to Have Brains to Succeed.”***

Never underestimate your own intelligence,and never overestimate the intelligence of others. Don’t sell yourself short. Concentrate on your assets. Discover your superior talents. Remember, it’s not how many brains you’ve got that matters. Rather, it’s how you use your brains that counts. Manage your brains instead of worrying about how much IQ you’ve got.

Remind yourself several times daily,“My attitudes are more important than my intelligence.” At work and at home practice positive attitudes. See the reasons why you can do it, not the reasons why you can’t. Develop an “I’m winning” attitude. Put your intelligence to creative positive use. Use it to find ways to win, not to prove you will lose.

Remember that the ability to think is of much greater value than the ability to memorize facts. Use your mind to create and develop ideas, to find new and better ways to do things. Ask yourself, “Am I using my mental ability to make history, or am I using it merely to record history made by others?

***“It’s No Use. I’m Too Old (or Too Young).”***

Look at your present age positively.Think,“I’m still young,”not“I’m already old.” Practice looking forward to new horizons and gain the enthusiasm and the feel of youth.

Compute how much productive time you have left.Remember,a person age thirty still has 80 percent of his productive life ahead of him. And the fifty-year- old still has a big 40 percent—the best 40 percent—of his opportunity years left. Life is actually longer than most people think!

Invest future time in doing what you really want to do.It’s too late only when you let your mind go negative and think it’s too late. Stop thinking “I should have started years ago.” That’s failure thinking. Instead think, “I’m going to start now, my best years are ahead of me.” That’s the way successful people think.

***“But My Case Is Different; I Attract Bad Luck.***

Accept the law of cause and effect.Take a second look at what appears to be someone’s “good luck.” You’ll find that not luck but preparation, planning, and success-producing thinking preceded his good fortune. Take a second look at what appears to be someone’s “bad luck.” Look, and you’ll discover certain specific reasons. Mr. Success receives a setback; he learns and profits. But when Mr. Mediocre loses, he fails to learn.

Don’t be a wishful thinker. Don’t waste your mental muscles dreaming of an effortless way to win success. We don’t become successful simply through luck. Success comes from doing those things and mastering those principles that produce success. Don’t count on luck for promotions, victories, the good things in life. Luck simply isn’t designed to deliver these good things. Instead, just concentrate on developing those qualities in yourself that will make you a winner.

## BUILD CONFIDENCE AND DESTROY FEAR

* Action cures fear. Isolate your fear and then take constructive action Inaction—doing nothing about a situation—strengthens fear and destroys confidence.
* Make a supreme effort to put only positive thoughts in your memory bank.Don’t let negative, self-deprecatory thoughts grow into mental monsters. Simply refuse to recall unpleasant events or situations.
* Put people in proper perspective. Remember,people are more alike,much more alike, than they are different. Get a balanced view of the other fellow. He is just another human being. And develop an understanding attitude. Many people will bark, but it’s a rare one who bites.
* Practice doing what your conscience tells you is right. This prevents a poisonous guilt complex from developing. Doing what’s right is a very practical rule for success.
* Make everything about you say, “I’m confident, really confident.” Practice these little techniques in your day-to-day activities: Be a front seater. Make eye contact. Walk 25 percent faster. Speak up. Smile big.

## HOW TO THINK BIG

* Don’t sell yourself short.Conquer the crime of self-deprecation.Concentrate on your assets. You’re better than you think you are.
* Use the big thinker’s vocabulary. Use big, bright, cheerful words.Use words that promise victory, hope, happiness, pleasure; avoid words that create unpleasant images of failure, defeat, grief.
* Stretch your vision. See what can be,not just what is. Practice adding value to things, to people, and to yourself.
* Get the big view of your job. Think, really think your present job is important. That next promotion depends mostly on how you think toward your present job.
* Think about trivial things. Focus your attention on big objectives. Before getting involved in a petty matter, ask yourself, “Is it really important?”
* Grow big by thinking big!

## HOW TO THINK AND DREAM CREATIVELY.

Believe it can be done. When you believe something can be done, your mind will find the ways to do it. Believing a solution paves the way to solution. Eliminate “impossible,” “won’t work,” “can’t do,” “no use trying” from your thinking and speaking vocabularies. Don’t let tradition paralyze your mind. Be receptive to new ideas. Be experimental. Try new approaches. Be progressive in everything you do.

Ask yourself daily, “How can I do better?” There is no limit to self-improvement. When you ask yourself, “How can I do better?” sound answers will appear. Try it and see.

Ask yourself,“ How can I do more?” Capacity is a state of mind. Asking yourself this question puts your mind to work to find intelligent shortcuts. The success combination in business is: Do what you do better (improve the quality of your output), and: Do more of what you do (increase the quantity of your output).

Practice asking and listening. Ask and listen, and you’ll obtain raw material for reaching sound decisions. Remember: Big people monopolize the listening; small people monopolize the talking.

Stretch your mind. Get stimulated. Associate with people who can help you think of new ideas, new ways of doing things. Mix with people of different occupational and social interests.

## YOU ARE WHAT YOU THINK YOU ARE

Upgrading your thinking upgrades your actions, and this produces success. Here is an easy way to help you make more of yourself by thinking like important people think.

* Look important; it helps you think important. Your appearance talks to you. Be sure it lifts your spirits and builds your confidence. Your appearance talks to others. Make certain it says, “Here is an important person: intelligent, prosperous, and dependable.”
* Think your work is important. Think this way, and you will receive mental signals on how to do your job better. Think your work is important, and your subordinates will think their work is important too.
* Give yourself a pep talk several times daily. Build a“sell-yourself-to-yourself” commercial. Remind yourself at every opportunity that you’re a first-class person.
* In all of life’s situations, ask yourself, “Is this the way an important person thinks?” Then obey the answer.

## MANAGE YOUR ENVIRONMENT: GO FIRST CLASS

* Be environment-conscious. Just as body diet makes the body, mind diet makes the mind.
* Make your environment work for you, not against you. Don’t let suppressive forces— the negative, you-can’t-do-it people—make you think defeat.
* Don’t let small-thinking people hold you back. Jealous people want to see you stumble. Don’t give them that satisfaction.
* Get your advice from successful people. Your future is important. Never risk it with freelance advisors who are living failures.
* Get plenty of psychological sunshine. Circulate in new groups. Discover new and stimulating things to do.
* Throw thought poison out of your environment. Avoid gossip. Talk about people, but stay on the positive side.
* Go first class in everything you do. You can’t afford to go any other way.

## MAKE YOUR ATTITUDES YOUR ALLIES

Grow the “I’m activated” attitude. Results come in proportion to the enthusiasm invested. Three things to do to activate yourself are:

* Dig into it deeper. When you find yourself uninterested in something, dig in and learn more about it. This sets off enthusiasm. Life up everything about you: your smile, your handshake, your talk, even your walk. Act alive. Broadcast good news. No one ever accomplished anything positive telling bad news.
* Grow the “You are important” attitude. People do more for you when you make them feel important. Remember to do these things: Show appreciation at every opportunity. Make people feel important. Call people by name.
* Grow the“Service first”attitude, and watch money take care of itself. Make it a rule in everything you do: give people more than they expect to get.

## THINK RIGHT TOWARD PEOPLE

Make yourself lighter to lift. Be likable. Practice being the kind of person people like. This wins their support and puts fuel in your success-building program.

Take the initiative in building friendships. Introduce yourself to others at every opportunity. Make sure you get the other person’s name straight, and make certain he gets your name straight too. Drop a personal note to your new friends you want to get to know better.

Accept human differences and limitations. Don’t expect anyone to be perfect. Remember, the other person has a right to be different. And don’t be a reformer.

Tune in Channel P, the Good Thoughts Station. Find qualities to like and admire in a person, not things to dislike. And don’t let others prejudice your thinking about a third person. Think positive thoughts towards people—and get positive results.

Practice conversation generosity. Be like successful people. Encourage others to talk. Let the other person talk to you about his views, his opinions, his accomplishments.

Practice courtesy all the time. It makes other people feel better. It makes you feel better too.

Don’t blame others when you receive a setback. Remember, how you think when you lose determines how long it will be until you win.

## GET THE ACTION HABIT

* Be an activationist. Be someone who does things. Be a doer, not a don’t-er.
* Don’t wait until conditions are perfect. They never will be. Expect future obstacles and difficulties and solve them as they arise.
* Remember ideas alone won’t bring success. Ideas have value only when you act upon them.
* Use action to cure fear and gain confidence. Do what you fear, and fear disappears. Just try it and see.
* Start your mental engine mechanically .Don’t wait for the spirit to move you. Take action, dig in, and you move the spirit.
* Think in terms of now. Tomorrow, next week, later, and similar words often are synonymous with the failure word, never. Be an “I’m starting right now” kind of person.
* Get down to business—pronto. Don’t waste time getting ready to act.Start acting instead.
* Seize the initiative. Be a crusader. Pick up the ball and run. Be a volunteer. Show that you have the ability and ambition to do so.

## HOW TO TURN DEFEAT INTO VICTORY

The difference between success and failure is found in one’s attitudes toward setbacks, handicaps, discouragements, and other disappointing situations. Five guideposts to help you turn defeat into victory are:

* Study setbacks to pave your way to success. When you lose, learn, and then go on to win next time.
* Have the courage to be your own constructive critic. Seek out your faults and weaknesses and then correct them. This makes you a professional.
* Stop blaming luck. Research each set back. Find out what went wrong. Remember, blaming luck never got anyone where he wanted to go.
* Blend persistence with experimentation. Stay with your goal but don’t beat your head against a stone wall. Try new approaches. Experiment.
* Remember, there is a good side in every situation. Find it. See the good side and whip discouragement.

## USE GOALS TO HELP YOU GROW

Get a clear fix on where you want to go. Create an image of yourself ten years from now. Write out your ten-year plan. Your life is too important to be left to chance. Put down on paper what you want to accomplish in your work, your home, and your social departments.

* Surrender yourself to your desires. Set goals to get more energy. Set goals to get things done. Set goals and discover the real enjoyment of living.
* Let your major goal be your automatic pilot. When you let your goal absorb you, you’ll find yourself making the right decisions to reach your goal.
* Achieve your goal one step at a time. Regard each task you perform, regardless of how small it may seem, as a step toward your goal.
* Build thirty-day goals. Day-by-day effort pays off.
* Take detours in your stride. A detour simply means another route.It should never mean surrendering the goal.
* Invest in yourself. Purchase those things that build mental power and efficiency. Invest in education. Invest in idea starters.

## HOW TO THINK LIKE A LEADER

* Trade minds with the people you want to influence. It’s easy to get others to do what you want them to do if you’ll see things through their eyes. Ask yourself this question before you act: “What would I think of this if I exchanged places with the other person?”
* Apply the“Be-Human” rule in your dealings with others. Ask,“What is the human way to handle this?” In everything you do, show that you put other people first. Just give other people the kind of treatment you like to receive. You’ll be rewarded.
* Think progress, believe in progress, push for progress. Think improvement in everything you do. Think of high standards in everything you do. Over a period of time subordinates tend to become carbon copies of their chief. Be sure the master copy is worth duplicating. Make this a personal resolution: “At home, at work, in community life, if it’s progress I’m for it.”
* Take time out to confer with yourself and tap your supreme thinking power. Managed solitude pays off. Use it to release your creative power. Use it to find solutions to personal and business problems. So spend some time alone every day just thinking. Use the thinking technique all great leaders use: confer with yourself.

## HOW TO USE THE MAGIC OF THINKING BIG IN LIFE’S MOST CRUCIAL SITUATIONS

There is magic in thinking big. But it is so easy to forget. When you hit some rough spots, there is danger that your thinking will shrink in size. And when it does, you lose. Below are some brief guides for staying big when you’re tempted to use the small approach.

Perhaps you’ll want to put these guides on small cards for event handler reference.

1. ***When Little People Try to Drive You Down, THINK BIG.***

To be sure, there are some people who want you to lose, to experience misfortune, to be reprimanded. But these people can’t hurt you if you’ll remember three things:

* You win when you refuse to fight petty people. Fighting little people reduces you to their size. Stay big. Expect to be sniped at. It’s proof you’re growing.
* Remind yourself that snipers are psychologically sick. Be Big. Feel sorry for them.
* Think Big Enough to be immune to the attacks of petty people.

1. ***When That “I-Haven’t-Got-What-It-Takes” Feeling Creeps Up on You, THINK BIG.***

Remember: if you think you are weak, you are. If you think you’re inadequate, you are. If you think you’re second-class, you are. Whip that natural tendency to sell yourself short with these tools:

* Look important. It helps you think important. How you look on the outside has a lot to do with how you feel on the inside.
* Concentrate on your assets. Build a sell-yourself-to-yourself commercial and use it. Learn to supercharge yourself. Know your positive self.
* Put other people in proper perspective. The other person is just another human being, so why be afraid of him? Think Big Enough to see how good you really are!

1. ***When an Argument or Quarrel Seems Inevitable, THINK BIG.***

Successfully resist the temptation to argue and quarrel by:

* Asking yourself, “Honestly now, is this thing really important enough to argue about?”
* Reminding yourself, you never gain anything from an argument but you always lose something.
* Think Big Enough to see that quarrels, arguments, feuds, and fusses will never help you get where you want to go.

1. ***When You Feel Defeated, THINK BIG.***

It is not possible to achieve large success without hardships and setbacks. But it is possible to live the rest of your life without defeat. Big thinkers react to setbacks this way:

Regard the setback as a lesson. Learn from it. Research it. Use it to propel you forward. Salvage something from every setback. Blend persistence with experimentation. Back off and start afresh with a new approach. Think Big Enough to see that defeat is a state of mind, nothing more.

1. ***When Romance Starts to Slip, THINK BIG.***

Negative, petty, “She’s-(He’s)-unfair-to-me-so-I’ll-get-even” type of thinking slaughters romance, destroys the affection that can be yours. Do this when things aren’t going right in the love department:

Concentrate on the biggest qualities in the person you want to love you. Put little things where they belong—in second place. Do something special for your mate—and do it often. Think Big Enough to find the secret to marital joys.

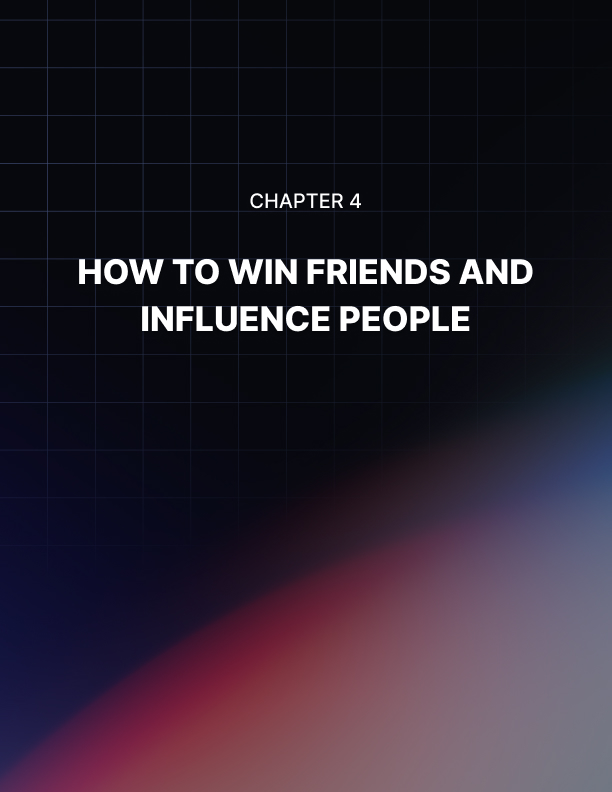
1. ***When You Feel Your Progress on the Job Is Slowing Down, THINK BIG.***

No matter what you do and regardless of your occupation, higher status, higher pay come from one thing: increasing the quality and quantity of your output. Do this:

Think, “I can do better.” The best is not unattainable. There is room for doing everything better. Nothing in this world is being done as well as it could be. And when you think, “I can do better,” ways to do better will appear. Thinking “I can do better” switches on your creative power. Think Big Enough to see that if you put service first, money takes care of itself.

In the words of Publilius Syrus:

*“A wise man will be the master of his mind, A fool will be its slave.”*

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# Chapter 4: HOW TO WIN FRIENDS AND INFLUENCE PEOPLE

**How To Win Friends And Influence People teaches you countless principles to become a likable person, handle your relationships well, win others over and help them change their behavior without being intrusive.**

How to Win Friends and Influence People by Dale Carnegie is a self-help classic that reads as a life manual. The core idea is that you can change other people’s behavior simply by changing your own. It teaches you the principles to better understand people, become a more likable person, improve relationships, win others over, and influence behavior through leadership.

## FUNDAMENTAL TECHNIQUES IN HANDLING PEOPLE

***Principle 1: Don’t criticize, condemn or complain.***

Most people don’t criticize themselves for anything, no matter how wrong it may be. Criticism is futile and dangerous. It puts a person on the defensive and usually makes him strive to justify himself. And it wounds a person’s precious pride, hurts his sense of importance, and arouses resentment.

People learn faster and retain knowledge more effectively when rewarded for good behavior than punished for bad behavior. By criticizing, we do not make lasting changes and often incur resentment.

“When dealing with people, let us remember we are not dealing with creatures of logic. We are dealing with creatures of emotion, creatures bristling with prejudices and motivated by pride and vanity.”

Anyone can criticize, condemn and complain. But it takes character and self-control to be understanding and forgiving.

***Principle 2: Give honest and sincere appreciation.***

The only way to get a person to do anything is by giving them what they want. What do most people want?

Health, food, sleep, money, sex. Almost all these wants are usually gratified – all except one: the desire to be important.

This desire is what makes you want to wear the latest styles, drive the latest cars, and talk about your brilliant children. If you tell me how you get your feeling of importance, I’ll tell you what you are. That determines your character.

How do you make people feel important? By appreciation and encouragement.

‘I have yet to find the person, however great or exalted his station, who did not do better work and put forth greater effort under a spirit of approval than he would ever do under a spirit of criticism.’

Know the difference between appreciation and flattery. One is universally admired; the other universally condemned.

Flattery is selfish and insincere. It’s cheap praise. You tell the other person precisely what he thinks about himself. In the long run, flattery will do you more harm than good.

Appreciation is unselfish and sincere. It happens when we stop thinking about ourselves and begin to think of the other person’s good points.

Be ‘hearty in your approbation and lavish in your praise,’ and people will cherish your words and treasure them and repeat them over a lifetime – repeat them years after you have forgotten them.

***Principle 3: Arouse in the other person an eager want.***

Of course, you are interested in what you want. But no one else is. The rest of us are just like you: we are interested in what we want. The only way to influence other people is to talk about what they want and show them how to get it.

In the words of Henry Ford:

*“If there is any one secret of success, it lies in the ability to get the other person’s point of view and see things from that person’s angle as well as from your own.”*

This does not mean manipulating someone so that he will do something that is only for your benefit and his detriment. Each party should gain from the negotiation.

## SIX WAYS TO MAKE PEOPLE LIKE YOU

***1: Become genuinely interested in other people.***

If you only try to impress people and get them interested in you, you won’t have many true friends. Real friends are not made that way.

If you want to make friends, put yourself out to do things for other people – things that require time, energy, unselfishness, and thoughtfulness.

We are interested in others when they are interested in us. A show of interest, as with every other principle of human relations, must be sincere. It must pay off not only for the person showing the interest but for the person receiving the attention. It is a two-way street – both parties benefit.

***2: Smile.***

Actions speak louder than words, and a smile says, ‘I like you. You make me happy. I am glad to see you.’ You must have a good time meeting people if you expect them to have a good time meeting you.

Force yourself to smile. If you are alone, force yourself to whistle or hum a tune or sing. Act as if you were already happy and that will tend to make you happy.

Control your thoughts. Happiness depends on inner conditions, not outward ones. It isn’t what you have or who you are or where you are or what you are doing that makes you happy or unhappy. It is what you think about it. Shakespeare said it best:

“There is nothing either good or bad, but thinking makes it so.”

Your smile is a messenger of your goodwill and brightens the lives of all who see it. To someone who has seen a dozen people frown, scowl or turn their faces away, your smile is like the sun breaking through the clouds.

***3: Remember that a person’s name is to that person the sweetest and most important sound in any language.***

The average person is more interested in his or her own name than in all the other names on earth put together. “Remember that name and call it easily, and you have paid a subtle and very effective compliment. But forget it or misspell – it and you have placed yourself at a sharp disadvantage.”

Most people don’t remember names, for the simple reason that they don’t take the time and energy necessary to concentrate and repeat and fix names indelibly in their minds.

A simple technique to memorize names:

1. If you don’t hear the name distinctly, ask the person to repeat it
2. For unusual names, ask for the spelling
3. Repeat the name several times during the conversation
4. Associate the name with the person’s features, expression, and general appearance
5. Write it down later so you can visualize the name as well

A name is wholly and completely owned by the person with whom we are dealing… and nobody else. It sets the individual apart; it makes him or her unique among all others.

From the waitress to the senior executive, the name will work magic as you deal with others.

***4: Be a good listener. Encourage others to talk about themselves.***

To be a good conversationalist, be an attentive listener. To be interesting, be interested. Ask questions that the other person will enjoy answering. Encourage them to talk about themselves and their accomplishments.

Remember people are a hundred times more interested in themselves and their wants and problems than they are in you and your problems. Think of that the next time you start a conversation.

***5: Talk in terms of the other person’s interests.***

People like to talk about themselves. A particular topic is the things that they enjoy. Whenever Roosevelt expected a visitor, he sat up late the night before, reading up on the subject in which he knew his guest was particularly interested.

“Roosevelt knew that the royal road to a person’s heart is to talk about the things he or she treasures most.”

***6: Make the other person feel important – and do it sincerely.***

There is one all-important law of human conduct: always make the other person feel important. If we obey that law, we shall almost never get into trouble. In fact, that law, if obeyed, will bring us countless friends and constant happiness. But the very instant we break the law, we shall get into endless trouble.

Give to others what we would have others give to us. How? When? Where? All the time, everywhere.

Little phrases such as ‘I’m sorry to trouble you,’ ‘Would you be so kind as to – ?’ ‘Won’t you please?’ ‘Would you mind?’ ‘Thank you’ – little courtesies like these oil the cogs of the monotonous grind of everyday life – and incidentally, they are the hallmark of good breeding.

Most people you meet feel superior to you in some way. A sure way to their hearts is to let them realize in some subtle way that you recognize their importance sincerely.

“‘Talk to people about themselves,’ said Disraeli, one of the shrewdest men who ever ruled the British Empire. ‘Talk to people about themselves and they will listen for hours.’”

## HOW TO WIN PEOPLE TO YOUR WAY OF THINKING

***Principle 1: The only way to get the best of an argument is to avoid it.***

Most arguments end with each person more firmly convinced than ever that he is absolutely right. You can’t win an argument. If you lose it, you lose it; and if you win it, you lose it.

When you win an argument, you make the other person feel inferior. You hurt his pride and he will resent your triumph. In the words of Ben Franklin:

“If you argue and rankle and contradict, you may achieve a victory sometimes; but it will be an empty victory because you will never get your opponent’s goodwill.”

How to keep a disagreement from becoming an argument:

* Welcome to the disagreement. Be thankful if there is some point you haven’t thought about that is brought to your attention. It’s an opportunity to be corrected before you make a serious mistake.
* Distrust your first instinctive impression. Our first natural reaction is to be defensive. Keep calm and watch out for your first reaction.
* Control your temper. Remember, you can measure the size of a person by what makes him or her angry.
* Listen first. Give your opponents a chance to talk before resisting, defending or debating. Don’t raise barriers. Build bridges of understanding
* Look for areas of agreement. Talk first about the points and areas on which you both agree.
* Be honest. Look for areas where you can admit error and say so. Apologize for your mistakes. It disarms opponents and reduces defensiveness.
* Promise to think over your opponents’ ideas and study them carefully. And mean it. Your opponents may be right. It is a lot easier at this stage to agree to think about their points than to move rapidly ahead and find yourself in a position where your opponents can say: ‘We tried to tell you, but you wouldn’t listen’.
* Thank your opponents sincerely for their interest. Anyone who takes the time to disagree with you is interested in the same things you are. Think of them as people who really want to help you, and you may turn your opponents into friends.
* Postpone action to give both sides time to think through the problem. Suggest that a new meeting be held later that day or the next day, when all the facts may be brought to bear. In preparation for this meeting, ask yourself some hard questions:
  + Could they be right (even if partly)?
  + Is there truth or merit in their position or argument?
  + Is my reaction one that will relieve the problem, or will it just relieve any frustration?
  + Will my reaction drive them further away or draw them closer to me?
  + Does my reaction elevate the estimation good people have of me?
  + Will I win or lose?
  + What price will I have to pay if I win?
  + If I am quiet about it, will the disagreement blow over?
  + Is this difficult situation an opportunity for me?

***Principle 2: Show respect for the other person’s opinions. Never say, ‘You’re wrong.’***

Tell people they are wrong and you have struck a direct blow at their intelligence, pride, and self-respect. You won’t make them want to change their minds and they will never want to agree with you. If you are going to prove anything, don’t let anybody know it. Do it so subtly.

As Galileo said:

*“You cannot teach a man anything; you can only help him to find it within himself.”*

When someone makes a statement that you know is wrong, say: ‘Well, now, look. I thought otherwise but I may be wrong. I frequently am. And if I am wrong, I want to be put right. Let’s examine the facts.’

There’s positive magic in admitting you could be wrong. It’s hard to object to such phrases.

*“You will never get into trouble by admitting that you may be wrong. That will stop all arguments and inspire your opponent to be just as fair and open and broad-minded as you are. It will make him want to admit that he, too, may be wrong.”*

When we are wrong, we may admit it to ourselves. And if we are handled gently and tactfully, we may admit it to others and even take pride in our frankness and broad- mindedness. But not when the other part belittles us.

Don’t argue with your customer or your spouse or your adversary. Use a little diplomacy. It will help you gain your point.

***Principle 3: If you are wrong, admit it quickly and emphatically.***

If we know we are going to be rebuked anyhow, it’s far better to beat the other person to it and do it ourselves. It’s easier to listen to self-criticism than to bear condemnation from alien lips.

Say about yourself all the derogatory things you know the other person is thinking or wants to say or intends to say – and say them before that person has a chance to say them.

There is a certain degree of satisfaction in having the courage to admit your errors. It not only clears the air of guilt and defensiveness but often helps solve the problem created by the mistake.

“When you are right, try to win people gently and tactfully to our way of thinking. When you are wrong – and that will be surprisingly often, if you are honest with yourself – admit your mistakes quickly and with enthusiasm.”

This technique will produce astonishing results as well as being more fun than trying to defend oneself. As the proverb goes: ‘By fighting you never get enough, but by yielding you get more than you expected.’

***Principle 4: Begin in a friendly way.***

To win someone to your cause, first convince him that you are his sincere friend. Friendly approach and appreciation can make people change their minds more readily than all the bluster and storming in the world. Remember the words of Lincoln: ‘A drop of honey catches more flies than a gallon of gall.’

***Principle 5: Get the other person saying ‘yes, yes’ immediately.***

When talking with someone, begin by emphasizing – and keep on emphasizing – the things on which you agree.

Keep emphasizing, if possible, that you are both striving for the same end and that your only difference is one of method and not of purpose. Get the other person saying ‘Yes, yes’ at the outset. Keep them from saying ‘No.’

A ‘No’ response is the most difficult handicap to overcome. All your pride of personality demands that you remain consistent with yourself. Once having said a thing, you feel you must stick to it.

The skillful speaker gets, at the outset, a number of ‘Yes’ responses. This sets the psychological process of the listeners moving in the affirmative direction.

When tempted to tell someone he is wrong, ask a gentle question – a question that will get the ‘yes, yes’ response.

***Principle 6: Let the other person do a great deal of the talking.***

Most people trying to win others to their way of thinking do too much talking themselves. Let the other people talk themselves out. Ask them questions.

When you disagree with them, don’t interrupt. Listen patiently and with an open mind. Be sincere about it. Encourage them to express their ideas fully. Even our friends would much rather talk to us about their achievements than listen to us boast about ours.

La Rochefoucauld, the French philosopher, said:

*“If you want enemies, excel your friends; but if you want friends, let your friends excel you.”*

When our friends excel us, they feel important; but when we excel them, they – or at least some of them – will feel inferior and envious.

***Principle 7: Let the other person feel that the idea is his or hers.***

People have more faith in ideas that they discover for themselves than in ones handed to them. Don’t try to ram your opinions down the throats of other people. Instead, make suggestions and let other people think about the conclusion.

No one likes to feel that he or she is being sold something or told to do a thing. We much prefer to feel that we are buying our own accord or acting on our own ideas. We like to be consulted about our wishes, our wants, our thoughts.

***Principle 8: Try honesty to see things from the other person’s point of view.***

Other people may be totally wrong. But they don’t think so. Don’t condemn but instead try to understand them.

There is a reason why the other man thinks and acts as he does. Find that reason and you have the key to his actions, perhaps to his personality. Put yourself in his place. Success in dealing with people depends on a sympathetic grasp of the other person’s viewpoint.

*“Cooperativeness in conversation is achieved when you show that you consider the other person’s ideas and feelings as important as your own. Starting your conversation by giving the other person the purpose or direction of your conversation, governing what you say by what you would want to hear if you were the listener, and accepting his or her viewpoint will encourage the listener to have an open mind to your ideas.”*

Always ask yourself: ‘Why should he want to do it?’ This will take time but it will avoid making enemies and will get better results.

***Principle 9: Be sympathetic with the other person’s ideas and desires.***

A magic phrase to stop arguments, eliminate ill feelings, create goodwill, and make the other person listen attentively: ‘I don’t blame you for feeling as you do. If I were you I would undoubtedly feel just as you do.’

An answer like that will soften anyone. And you can say that and be 100% sincere, because if you were the other person you, of course, would feel just as he does.

Most people you meet want sympathy. Give it to them, and they will love you.

***Principle 10: Appeal to the nobler motives.***

A person usually has two reasons for doing a thing: one that sounds good and a real one. The person himself will think of the real reason. You don’t need to emphasize that. But all of us, being idealists at heart, like to think of motives that sound good. So, in order to change people, appeal to the nobler motives.

***Principle 11: Dramatize your ideas.***

This is the day of dramatization. Merely stating a truth isn’t enough. The truth has to be made vivid, interesting, and dramatic.

You have to use showmanship. The movies do it. Television does it. And you will have to do it if you want attention.

***Principle 12: Throw down a challenge.***

To get things done, stimulate competition using the desire to excel.

‘All men have fears, but the brave put down their fears and go forward, sometimes to death, but always to victory.’

The one major factor that motivates people is the work itself. If the work was exciting and interesting, the worker looks forward to doing it and is motivated to do a good job.

That is what every successful person loves: the game. The chance for self-expression. The chance to prove his or her worth, to excel, to win. The desire for a feeling of importance.

## BE A LEADER

***Principle 1: Begin with praise and honest appreciation.***

It is always easier to listen to unpleasant things after we have heard some praise of our good points.

***Principle 2: Call attention to people’s mistakes indirectly.***

Many people begin their criticism with sincere praise followed by the word ‘but’ and ending with a critical statement.

For example: ‘We’re really proud of you, Johnnie, for raising your grades this term. But if you had worked harder on your algebra, the results would have been better.’

Johnnie might feel encouraged until he heard the word ‘but.’ It makes him question the sincerity of the original praise. It seemed only to be a contrived lead-in to a critical inference of failure. Credibility would be strained, and we probably would not achieve our objectives of changing Johnnie’s attitude toward his studies. This could be easily overcome by changing the word ‘but’ to ‘and.’

Like this: ‘We’re really proud of you, Johnnie, for raising your grades this term, and by continuing the same conscientious efforts next term, your algebra grade can be up with all the others.’

Now, Johnnie would accept the praise because there was no follow-up of an inference of failure. We have called his attention to the behavior we wished to change indirectly, and the chances are he will try to live up to our expectations. Calling attention to one’s mistakes indirectly works wonders with sensitive people who may bitterly resent any direct criticism.

***Principle 3: Talk about your own mistakes before criticizing the other person.***

It isn’t nearly so difficult to listen to a recital of your faults if the person criticizing begins by humbly admitting that he, too, is far from impeccable.

Admitting one’s own mistakes – even when one hasn’t corrected them – can help convince somebody to change his behavior.

***Principle 4: Ask questions instead of giving direct orders.***

Asking questions not only makes an order more palatable; it often stimulates the creativity of the persons whom you ask.

People are more likely to accept an order if they have had a part in the decision that caused the order to be issued.

***Principle 5: Let the other person save face.***

We ride roughshod over the feelings of others, getting our own way, finding fault, issuing threats, criticizing a child or an employee in front of others, without even considering the hurt to the other person’s pride.

Whereas a few minutes’ thought, a considerate word or two, a genuine understanding of the other person’s attitude, would go so far toward alleviating the sting! Let’s remember that the next time we are faced with the distasteful necessity of discharging or reprimanding an employee.

Even if we are right and the other person is definitely wrong, we only destroy ego by causing someone to lose face. The legendary French aviation pioneer and author Antoine de Saint-Exupéry wrote:

‘I have no right to say or do anything that diminishes a man in his own eyes. What matters is not what I think of him, but what he thinks of himself. Hurting a man in his dignity is a crime.’

***Principle 6: Praise the slightest improvement and praise every improvement. Be ‘hearty in your approbation and lavish in your praise.’***

Praise even the slightest improvement to inspire the other person to keep on improving. The use of praise instead of criticism is the basic concept of B.F. Skinner’s teachings. The great contemporary psychologist has shown by experiments with animals and with humans that when criticism is minimized and praise emphasized, the good things people do will be reinforced and the poorer things will atrophy for lack of attention.

Everybody likes to be praised, but when praise is specific, it comes across as sincere – not something the other person may be saying just to make one feel good. Remember, we all crave appreciation and recognition, and will do almost anything to get it. But nobody wants flattery.

Let me repeat: The principles taught in this book will work only when they come from the heart. I am not advocating a bag of tricks. I am talking about a new way of life. Talking about changing people. If you and I will inspire the people with whom we come in contact to a realization of the hidden treasures they possess, we can do far more than change people. We can literally transform them. Abilities wither under criticism; they blossom under encouragement.

***Principle 7: Give the other person a fine reputation to live up to.***

If you want to improve a person in a certain respect, act as though that particular trait were already one of his or her outstanding characteristics. Shakespeare said ‘Assume a virtue, if you have it not.’

And it might be good to assume and state openly that other people have the virtue you want them to develop. Give them a fine reputation to live up to, and they will make prodigious efforts rather than see you disillusioned.

***Principle 8: Use encouragement. Make the fault seem easy to correct.***

Tell your child, your spouse, or your employee that he or she is stupid or dumb at a certain thing, has no gift for it and is doing it all wrong, and you have destroyed almost every incentive to try to improve.

But use the opposite technique – be liberal with your encouragement, make the thing seem easy to do, let the other person know that you have faith in his ability to do it, that he has an undeveloped flair for it – and he will practice until the dawn comes in the window in order to excel.

***Principle 9: Make the other person happy about doing the thing you suggest.***

Always make the other person happy about doing the thing you suggest. Some guidelines when you want to someone’s behavior:

1. Be sincere. Do not promise anything that you cannot deliver. Forget about the benefits to yourself and concentrate on the benefits to the other person.
2. Know exactly what it is you want the other person to do.
3. Be empathetic. Ask yourself what it is the other person really wants.
4. Consider the benefits that the person will receive from doing what you suggest.
5. Match those benefits to the other person’s wants.
6. When you make your request, put it in a form that will convey to the other person the idea that he personally will benefit from. An order sounds like this: ‘John, we have customers coming in tomorrow and I need the stockroom cleaned out. So sweep it out, put the stock in neat piles on the shelves and polish the counter.’ When you express the benefits: ‘John, I am bringing some customers in tomorrow to show our facilities. I would like to show them the stock-room, but it is in poor shape. If you could sweep it out, put the stock in neat piles on the shelves, and polish the counter, it would make us look efficient and you will have done your part to provide a good company image.’



# Chapter 5: SEE YOU AT THE TOP

**Set You at the Top Shows you how to have spiritually, socially, financially, and physically successful and meaningful life by utilizing tools like positive thinking, kindness to others, and goal-setting.**

By most human-beings, it is thought that achievement is something that occurs to those with inborn skills. By them, it is blamed for their failures, an exact talent or lack of natural ability. This is what is described as a loser's limp by the writer - a pretext that is caused to prevent acquired on reaching their complete potential by many people.

If this kind of thought has not been experienced previously, it will comfort you to discover that you already have everything you need for achievement. Whatever your situation, it is never too late to fix your mindset. This summary helps you to find out six steps you require to take to accomplish high progress and live an enriching living.

## THIS IS WHAT CAUSES TO SELF- DEFEATING ATTITUDE IS A WEAK SELF-IMAGE

Well, by you, it is determined that it's time to switch your ways and begin targeting the summit. Where is it being started by you?

Evaluating your image, that is, how you see yourself, is the first step on the ladder of success. What is a fundamental construction block for achievement is self-imagination, because it decides how you act.

The self-image problems found in many people can go back to childhood. Let's assume that your son falls on a plate; without thinking, you tell him that you are the most unskillful child you have ever seen. Even if you don't want your judgment to be evil, unprepared explanations like this by many children can lead to an inferiority complex.

When it is implied by parents, teachers, or friends that a child is incompetent, it can be believed by the child that he does not deserve great things in life, like love or achievement.

On the other hand, think about how you sense if you get a phone call from someone who requires you to tell you how magnificent you are. Even if you are a doctor, a student, or an athlete, this raise in self-confidence is going to likely provide better performance. In case, the link between a positive self-image and huge performance has a demonstrated track record - in elite sports, by athletes, it is imagined that they achieved themselves to achieve in actual life. For instance, the best golfers "recognize" that they dip their golf- balls in the glass before they blow up.

However, improving a positive self-image can be difficult. This is particularly valid for kids who are not only criticized by parents and teachers but also sense the weight of the community to emphasize presentation. Multiple polls found that over 95 percent of young Americans chose to change some aspects of their physical appearance. In the advancing years, because of this dissatisfaction, it usually led to an unhealthy obsession with material assets and body looking.

Also, what is affecting your attitude in your professional life is owning a negative feeling about yourself. Let's consider a seller with a negative self-image. The person who lives with a stable fear of rejection just can make himself happy with a person by this mindset. This not only threatens the talent to sell but also the want to be admitted by coworkers prevents him from adopting leadership abilities that will help him improve to management.

If he cannot discover a path to switch his self-image, the seller is never going to imagine achievement on his own, personally or professionally.

## GETTING DRESSED AND ASSISTING OTHERS TO DEVELOP YOUR SELF-IMAGE

Has it ever been suffered by you because of a negative self-image? If your answer is yes, the great news is that there are several ways to develop it.

Don't forget that your self-image begins and finishes with you. Other people cannot sense bad about yourself unless you permit it. After all, there’s only one you! And whether you feel his presence or not, God has a plan for everyone.

It may not seem clear, but when you spend your time thinking, you are going to realize how unique you are. After all, there is just one! Even if you sense it or not, by God it has been found a plan for all individuals.

But no one, it can be denied that appearance has a tremendous effect on our self- image. Well, a practical place to begin developing your self-image is to improve your look.

Whether you're a man or a woman, you can do wonders about how you see yourself with new haircuts or clothes; just let's consider how women look when they exit a beauty salon. Equipped with a new haircut or make-up, women gain an immediate increase in confidence as they hold them. And although men cannot want to accept this, wearing a new suit has an equal impact.

However, developing your self-image is not only about looking after yourself better but also about how you value others. Spending time assisting human-beings in want creates an instant sense of satisfaction and can act as a prompt to feel grace. This improves the path you look at yourself. For the Red Cross, you can experience it voluntarily, by visiting someone with a disability or disease, or simply by helping children cross the street.

If you require some more inspiration, reading biographies or autobiographies of achievement human-beings who contribute to the well-being of others is tried. The thing that is a magnificent way to inspire you to discover the achievement of altruism is to learn from Martin Luther King, Jr, Abraham Lincoln, or Booker T. Washington.

By you, it is tried to read or hear the works of motivational speakers or preachers, like Mamie McCullough or John Maxwell, both of whom have devoted their lives to the best inspiration for other human beings.

First-hand experience of the writer's power to look at other people's tales for inspiration. In a particularly challenging period, when he was a challenging seller, the Power of Positive Thinking by Norman Vincent Peale was read. Thanks to this book, it helped him see that improving his condition depends on him. Then, he devoted his life to assisting others to admit themselves on their journey to achieve.

## ENHANCE YOUR RELATIONSHIPS BY WATCHING FOR THE BEST IN OTHERS, INVOLVING YOUR PARTNER

That's why assisting others is very significant to strengthen your self-image. However, what about the human beings who are cared about most by you? Improving your relationships is the second level on your journey to achievement.

According to the writer, you can accomplish anything you desire if you spend time and effort to assist other people. The thing that is with how you perceive starts and it keeps going to treat people around you.

Regardless of whether they are aware or not, others are treated by how they see them. And in some situations, your attitude towards an individual can profoundly affect their future.

In an experiment conducted by Dr. Robert Rosenthal who is at Harvard University, two groups of students were given two separate instructors. The first teacher said that their groups come from medium backgrounds and have a medium level of intellect. By the second teacher, it was said that their groups consisted of geniuses. As it is understood, both groups of students were medium students. However, at the end of the year, students, who were treated like geniuses, finished a school year in front of the other group.

Like with most items in life, when the topic comes to relationships, you get what you plant. Since you need to behave according to how you desire people to be treated, being nice to other people is the most useful strategy for improving relationships.

Ironically, while many people behave kindly towards foreigners, in one of their most significant relationships - they make sudden and hurtful comments in their marriage. However, with an easy change in mentality, it's simpler than you think to maintain this relationship.

Let's consider your husband or wife as a victim, even though you have already been in a marriage. By practicing the mentality you have while dating your partner, you will have a simpler time memorizing the reason for marrying them for the first time.

However, many practical things you can do to strengthen your marriage are found. With remembering why your love for your partner, start a day. In the middle of the day, if the programs allow, they can be surprised by you calling for a few minutes or sending a love letter. He or she will appreciate the movement, particularly if it is unexpected!

## SET DEFINITE TARGETS THAT CAN BE DEVOTED TO DAILY INCREASES

A powerful device to get what you desire out of life is to create targets. Still, most people cannot use it because of how it goes. Defining aims - the third step to achieving - requires hard work and focus. How to do this is described below.

Being as specific as likely is the primary thing you require to do. Uncertain purposes such as desiring to lose weight or gaining a lot of money rarely occur. So, you are required to measure your purposes: How much weight do you require to lose? How much cash do you require to make?

To give yourself a long enough timeline to take into account the inevitable obstacles is the second on the list. Let's say you give yourself a year instead of giving two months to gain a million dollars. With the right mindset, you can achieve it even after encountering a major setback like a disease.

Begin typing your purposes with these two warnings in mind. Analyze your financial and career targets and your physical, mental, spiritual, personal, and family purposes. Ideally, you should try to accomplish an aim in every section of your life to feel balanced. But if setting goals is novel for you, beginning with just one sounds good for you.

To achieve your targets, divide them into actionable increases that you can apply daily. This assisted when the writer realized that he desired to reduce the 202-pound figure. The writer decided to lose 165 kilos in the next ten months. In case, it was even written in a book to add an extra incentive by him since it was published within a month.

As soon as the writer made a decision that he was required to lose weight, he began to run every morning with the sound of his alarm clock. It started with a block every day and progressed step by step his way up to five miles and a little further. Later, some gymnastics were added by him, and soon the results showed clear.

On average, by the writer, 1.9 ounces a day was lost only. But ten months later, 37 pounds were lost by him! While achieving his goal for a long time, he improved healthy habits and thus maintained weight loss well.

## ESCAPE THE IDEA OF “THINKING BADLY” BY ADOPTING AN AFFIRMATIVE BEHAVIOR

If you make the effort to approach your targets, because of life, you will often see unexpected obstacles to your road. Although you can't stop these situations from occurring, your answers to them can be controlled by you.

Adopting a positive attitude leads us to the fourth step of the ladder to accomplishment. Unlike your self-image, which is related to your opinion of yourself, what is your approximation to the rest of the world is your behavior.

In a Harvard University study, 85 percent of our successes can be attached to the behavior, while just 15 percent stems from a technical specialty. Nevertheless, it often sabotages 85 percent of those who are involved in inefficient thinking or smelling 'thinking' as the writer says.

The issue that the little league baseball team in San Antonio, Texas had during a line lost in the 1930s is stinking 'thinking'. Rather than working collectively, by players, it was started to blame individually others for their mistakes. So later, after a particularly humiliating failure against the weak-battered Dallas team, by Josh O’Reilly, who was San Antonio's manager, it was gone to discover a solution.

It was said to players by O'Reilly that he asked a faith healer called Slater to bless two of their bats so they would gain the streamer in the Texas League series. By the idea, the team was inspired and had 22 runs and 37 hits in its next match before it started winning streamers.

If by you, it is desired a game-winning view, you don't have to expect someone else to encourage you. All you need to do is begin the day with a positive mindset. Rather than grumbling about getting out of bed when you wake up in the morning, route the thanksgiving and enthusiasm for during the day.

Unluckily, we live in a negative community, coated because of a half-empty mindset. However, by you, the language that you use, can be checked, and instead of using negative words, positive words can be chosen - even if that involves making up for them. Next time, when you wait at an intersection to drive home from work, decide to refer to a "stoplight" as "go light".

Even if you need to explain your novel vocabulary to human-beings from you, you will enjoy a productive approach that will delight in these little positive changes and support for the rest of your life.

## THAT WHAT IS THE MAIN COMPONENT OF ACCOMPLISHMENT IS A CHANGELESS WORK ETHIC

Have you ever heard that an expert makes a name for herself by running home as soon as the clock hits five?

Seemingly not. They are expected to do more than differentiate flourishing people from average people. So, understanding that achievement takes work is the fifth step of our journey. Strangely, in rare cases when someone takes a big break from working for it, the happiness of winning converts into agonizing disappointment.

On September 4, 1994, a program about millions of dollars of lottery champions was published by John Stossel on ABC News. A year after their fortunate draw, by him, it was found that most of these lottery winners were more unhappy than people who were paralyzed after a serious injury.

In case, in a study of television exam winners in the 1960s discovered that in seven years, those who gained more than $ 75,000 from game shows were not better than financially winning.

As it is said, "Give a man a fish and feed him for a day, but if you teach a man to fish, you will feed him for life." It is known by flourishing people that there is no free lunch if you desire to go to the top. Instead of waiting for them to come to work or waiting for their big break, they practice their positive behavior and try to perfect their professional lives each day.

If by you, it is desired to make it large, be ready to work more than the normal 40-hour working week.

This does not certainly mean that the results will be seen quickly. In this case, by many people, it is the first sign of failure to start their career. An inescapable part of the achievement journey of failure is what people do not realize.

Before you name it in politics, let's think of President Harry S. Truman, who failed both in the oil industry and in the clothing industry. After a failed effort, the future president is already broken. But what Truman knows is that he takes positive behavior and if you keep going to work hard even when projects fail, you will be rewarded in the end.

It's simpler to say, however, discovering imaginative ways to convert your failures into achievement can be the key to a career you haven't even dreamed of for yourself.

## WHAT IS SIGNIFICANT TO SUCCEED IS A BURNING WANTING AND INTELLIGENT AGNOSY

It may be wondered what encourages flourishing people to be overly achievement, by you. Of course, the significant thing is to have great behavior and a positive self-image.

But, by the most accomplished people, it embodied the sixth and final step of our mission - a burning passion for excel.

In many cases, desire can provide you the talent to gain against the worst probabilities. That's how the American boxer Billy Miske. After being hospitalized for kidney failure in 1923, Miske was diagnosed with the Bright disease. By him, it was known he had less than a year to live and had to give his family one last Merry Christmas.

However, Miske was broken. In November of this year, he persuaded Jack Reddy, who was his supervisor, to allow him to fight for the last time.

Since Miske had no physical power to exercise, he needed to stay home until the big day. That day, he went to Omaha in Nebraska, where he faced Bill Brennan, who passed the prime minister but was still a tough opponent, by him.

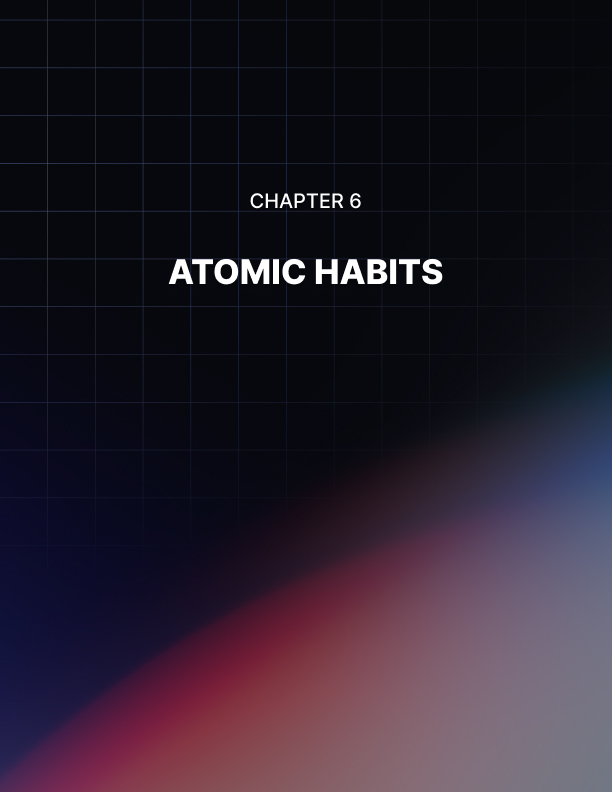
After all, by Miske, it was beaten by Brennen in four rounds. By force of his burning desire to gain, he could receive $ 2,400 for his family just a few weeks before his death.

People like Miske can overcome possibilities and accomplish unusual achievements, as the writer describes smart ignorance. For these human-beings, it has been like a powerful passion that they do not understand what they cannot accomplish, and they discover a way to achieve even in the most unbelievable situations.

Sure, the achievement is not guaranteed by intelligent ignorance and desire. However, even if you do not reach your goal, when you put all your efforts into one effort, you may encounter failure knowing that you are giving it. Besides, your experience of showing great behavior despite losing will increase your opportunities for achievement next time.

This proves that desire is only part of your path to achievement. If you do not have a positive personal image, healthy relationships, good behavior, focus targets, and a permanent work ethic, this will make little sense.

Although it is not maybe a shortcut to achievement, do not discourage it. As it is well known, whatever is needed!



# Chapter 6: ATOMIC HABITS

**Atomic Habits is the definitive guide to breaking bad behaviors and adopting good ones in four steps, showing you how small, incremental, everyday routines compound into massive, positive change over time.**

If you’re looking to get your life back on track, then Atomic Habits offers an easy framework for improving your life every day. James Clear, one of the world’s leading experts on habit formation reveals strategies to help you form good habits and break the bad ones.

You'll also learn to recognize how tiny daily habits can have an incredible impact on your life and your future. If you find that you struggle to change your habits, the problem isn’t you, but your system.

You see, your brain is wired to complete activities that are both easy and provide immediate gratification. Luckily, James Clear provides a proven system that will help you change your habits and take your life to new heights. Through this book, you will learn how to make time for new habits, overcome a lack of motivation and willpower, design your environment to make success easier, and learn how tracking your habits and finding an accountability partner will help you succeed.

## WHY SMALL HABITS CAN MAKE A BIG DIFFERENCE

When it comes to success, many people are focused on the wrong thing. They focus on the end goal versus the journey it takes to get there, and believe big decisions will get them to their final destination. However, this couldn’t be further from the truth. In fact, one percent of improvement each day means that you will be thirty-seven times better than you once were, but if you decline one percent a day, you will decline nearly to zero. In other words, it’s the small habits that matter and that make the biggest difference.

For example, a plane traveling from Los Angeles to New York requires a specific degree of direction to get to its final destination. Imagine if the pilot adjusted its course just 3.5 degrees south. This may look like nothing to the average observer, the adjustment is so small, many people wouldn’t even notice. Of course, upon landing, the passengers would notice a big difference. That small course adjustment would change their final destination from New York to Washington D.C.

We don’t typically notice tiny changes because the impact is not seen immediately. The impact may not be seen for months, or even years, but the results can be enormous. For instance, eating a slice of pizza certainly won’t make you unhealthy; however, if you eat a slice of pizza every night for dinner, then you’ll likely see a change in weight over the course of a year. Similarly, taking a 30-minute yoga class one day won’t immediately make you in shape. Instead, it’s small habits over time that compound into major results. Results in life are a measure of habits. The net worth of a person is simply a measure of their financial habits, similarly, a person’s health is a measure of their daily habits of diet exercise. Time magnifies the margin between success and failure which is why our daily choices have a greater impact than we realize. If you want to predict where you’ll end up in life, then simply follow the curve of your daily choices. Bad habits can affect us just as easily as a good habit can build us up, this is why it’s important to understand how you can design your daily habits to your advantage. The key is to make tiny changes to your behavior, which when repeated over and over, will become habits that lead to big results.

## HOW HABITS ARE FORMED

How many times do you begin a good habit, like exercise or meditation, only to find that after a few days or weeks it’s only become a real hassle? Habits are a challenge to change because many people try to change them the wrong way or try to change the wrong things. To change our habits we must first understand how habits are formed. The process of habit building can be classified into four steps: cue, craving, response, and reward.

Think about what you do when you first get into your car. You probably put the key in the ignition, put on your seatbelt, check your mirrors, and then head on your way. You don’t even think about the process, you just do it. It’s a habit that you’ve repeated so many times that it’s become instinct and happens automatically. So how are habits formed?

Habits begin with a cue, or a trigger, to act. For instance, getting into your car cues you to perform an action that will get you from one destination to the next. The second step is craving for a change in state, in this case, you want to go somewhere. Your response is to put the car in drive and go. The final step is the reward, a feeling of relief or comfort that comes from arriving at your destination safely.

This habit loop can be applied to many habits that you complete daily. For instance, brushing your teeth in the morning. Your cue might be eating breakfast or drinking coffee, triggering a craving to feel fresh and clean. Your response is to head to the bathroom sink and prepare your toothbrush. Your reward is a mouth that feels fresh and makes you ready to take on your day.

The cue always triggers a craving, which motivates a response. Then a reward is provided, satisfying the craving and becoming affiliated with the cue. Our behaviors are driven by a desire to solve a particular problem which is part of the cue and craving phase of the habit loop. For instance, the problem phase might include the cue of your phone buzzing with a new text message. The craving is that you want to learn the contents of that message. Then comes the solution phase. You respond by grabbing and unlocking your phone. The reward is satisfying the craving to read the message.

Of course, these habits aren’t all that bad; however, when we adopt unhealthy or bad habits, we see the effects years later and the habits become harder to break. That’s why it’s important to understand the habit loop, so you can learn how to replace your cues, cravings, responses, and rewards to create better habits. Let’s see how you can begin creating better habits.

## MAKE IT OBVIOUS

When it comes to cues, such as the buzzing of our phone or the drinking of coffee, we are prompted to check our messages or brush our teeth. But once you understand how our actions can be influenced by certain stimuli, you can learn how to manipulate your cues to implement better habits.

For instance, Anne Thorndike, a primary care physician at the Massachusetts General Hospital in Boston, believed she could improve the eating habits of thousands of hospital staff and visitors simply by manipulating their environment. She decided to replace soda with bottled water in the refrigerators next to the cash register. But she didn’t stop there, she added bottled water to every drinking station across the cafeteria. Over three months, the number of bottled water sold increased by 25.8 percent, while soda sales dropped by 11.4 percent. By making simple adjustments, people made healthier choices because the cue to drink water was more prevalent than soda.

You see, the most powerful sensory ability in humans is our vision. The human body contains almost eleven million sensory receptors and almost ten million are dedicated to sight alone. In other words, visual cues are among the highest motivations for behaviors. Therefore, a small change in what we see can lead to a big change in what we do. Luckily, we can design our environment to our advantage. But how?

Let’s say you want to create a habit of practicing guitar. You’ll be far less likely to practice if you keep your guitar locked away in a box in your closet. Instead, you should place your guitar somewhere easily seen, like the middle of a room. If you want to eat healthier, place snacks on the counter in plain sight instead of hiding somewhere in the pantry. Want to workout more? Simply put your workout clothes and sneakers out the night before so when you wake up, you can see them!

Creating visual cues can bring attention to your desired habit. Additionally, you can create desired cues by practicing implementation intentions. This simply means that you make a plan beforehand of when, where, and how you are going to accomplish something. When you create a plan, you are more likely to stick with your habits. For instance, a study of voters in the United States found that citizens who were asked “At what time will you vote?” and “How will you get to the voting station?” were far more likely to turn up and vote versus those who were simply asked if they would vote.

So instead of telling yourself that you are going to exercise more often, set a plan and say, “On Monday, Wednesday, and Friday I’m going to go to spin class after work,” and then pack a bag with you to bring for work and leave it in the front seat of your car so it stays in plain sight!

## MAKE IT ATTRACTIVE

Every day we are bombarded with advertisements aimed at making clothing, food, home goods, anything more attractive. Society is filled with highly doctored versions of reality as we engineer our photographs with ideal lighting, photoshopped edits, and exaggerated features to make products more appealing and attractive to consumers. The same can be applied to our habits. The more attractive something is, the more likely we are going to adopt it as a habit.

You see, when we do something pleasurable like eat food or have sex, our brains release a hormone called dopamine, which makes us feel good. But we don’t have to actually do those activities, our brains release dopamine when we anticipate those pleasurable activities as well.This is simply our brain encouraging us to partake in a certain activity and rewarding us by feeling good. Remember feeling the excitement of Christmas morning as a child? That’s because children anticipate the receiving of gifts and the visiting of Santa, their brains release dopamine that associates Christmas with feeling good.

Of course, some activities that make us feel good aren’t necessarily good for us. For instance, people easily become addicted to sex, drugs, and food, all of which make them feel good in the moments leading up to and during the activity. However, these addictions can affect our health and our relationships. That’s why it’s important to use our knowledge to our advantage when it comes to forming good, healthy habits. If we make a habit of something that we look forward to, then we’ll become more likely to follow through.

One way to do this is through temptation bundling. Temptation bundling aims to make habits more attractive, it works when you link an action you want to do with an action you need to do. For example, Ronan Byrne, an engineering student in Ireland, decided that he needed to exercise more, but he didn’t want to exercise more. A problem many of us can relate to. Something else we can probably relate to is the fact that Ronan enjoyed watching Netflix. His solution? He hacked an exercise bike and connected it to his laptop; however, he didn’t want to simply watch Netflix while riding. Instead, he wrote a code that only allowed Netflix to play if he was cycling at a certain speed. In the end, he transformed an activity that he hated and linked it with one that he enjoyed!

While Ronan had the knowledge to hack an exercise bike and write code to help him bundle temptations, you don’t need to be an engineer to apply this tip to your own habits. Simply downloading your favorite shows to watch while on the treadmill, or rewarding yourself with a half-hour of Netflix after hitting some work goals are both ways to make your habits more attractive.

## MAKE IT EASY

Jerry Uselmann, a professor at the University of Florida, assigned his film photography students a project to be submitted at the end of the semester. To begin, he divided the students into two groups. The first group was told their grade was dependent on the quantity of photos they submitted. For instance, one hundred photos earned an A, ninety photos a B, eighty a C, and so on. The second group, however, would be graded on the quality of just one photo. Which group do you think earned the better grade at the end of the semester? The quantity group. But why? You see, the quantity group was able to hone their skills in the process of creating hundreds of photos whereas the quality group spent their time making just one photo perfect.

This concept can be applied to our habits as well. Often, people are too focused on figuring out the best approach so they never take action. They may research, plan, and strategize, but never act on the habits they wish to create. Therefore, the key to mastering any habit is to stop worrying over how long it’ll take to form a new habit, instead, make it easy and simply do it.

As humans, many of us are motivated to do what is easy. The more energy a habit requires, the less likely we are to repeat it. Of course, making a hard habit easy might seem impossible, but there are many tips and tricks to make even the most difficult habits easy! For instance, the habit of sending cards for celebrations, birthdays, condolences, etc. is a nice habit to have, but the effort of going out to the store, picking one out, writing a message, and finally sending it out creates friction and makes us less likely to do it.

However, the author’s wife has created a hack to make a habit of sending cards a bit easier. By buying cards in bulk and storing them in the house, the author and his wife are far more likely to follow through with sending cards. They made the process easy, no longer do they have to go through the effort of going to the store to buy cards.

You can use this tool to stop bad habits as well. The best way to break a bad habit is to make it impractical to do. For instance, if you want to break the habit of watching TV when you come home from work, then unplug the television and take out the batteries to the remote. You’ll be far less likely to go through the effort of turning on the TV and spend your time forming a new, healthier habit.

Another way to make habit-forming easy is through the two-minute rule. The basis of the rule is to start small and make the habit easy to start. For instance, instead of telling yourself that you need to study for a class, you can start with the basics and tell yourself to “open my notes.” Or maybe you want to make a habit of doing some yoga after work. Instead of saying, “I need to do thirty minutes of yoga,” tell yourself, “Take out my yoga mat.” By breaking down the habit into simple steps, you make the habit easier to form which means you’ll be more likely to form long-term habits.

## MAKE IT SATISFYING

The last step to making a long-term habit is to make it satisfying. Successful companies understand this concept and use it to their advantage. For example, toothpaste manufacturers saw great success when they added mint to their products. Mint allowed people to enjoy the act of brushing their teeth because it led to a satisfying, minty fresh feeling. If an experience isn’t satisfying, it may not be repeated again.

In the 1990s, Stephen Luby worked in a neighborhood in Karachi, Pakistan as a public health researcher. During his time there, Luby achieved a 52 percent reduction in diarrhea among the local children. In addition, pneumonia rates dropped by 48 percent and skin infections by 35 percent. How did he achieve this? By introducing good soap.

If you grew up in a westernized society, then you understand the importance of handwashing as a basic hygiene skill. Of course, the locals of the Pakistani neighborhood understood this as well, but they failed to create a healthy habit of washing hands. Luby recognized the need for a good soap to make the act of handwashing a satisfying experience, so he partnered with Proctor and Gamble to introduce a premium soap to the neighborhood. Seemingly overnight, handwashing became satisfying! The new soap lathered well and smelled nice, people now enjoyed the pleasurable experience and made a habit of washing their hands.

While washing our hands or brushing our teeth brings immediate satisfaction, many other habits don’t. This is called a delayed reward environment. For instance, we go to work every day, but the reward of receiving a paycheck might not come until the end of the month. Similarly, you may start going to the gym every morning, but you won’t see the rewards of weight loss and toned muscles until weeks or even months later.

On the other hand, habits that result in immediate satisfaction might see delayed consequences. This is why people still smoke when they know the risks could cost them their lives. The consequence of cancer might not come until twenty years later, but at the moment, it relieves stress and satisfies that nicotine craving. Because of these delayed consequences and delayed rewards, it’s important to attach immediate gratification to habits that you wish to pursue.

For example, the author tells about his friends who wanted to kick the habit of going out to eat so they could get healthier and save more money. To do so, they opened a savings account they named “Trip to Europe,” and every time they avoided a meal out, they transferred $50 to the account. Seeing the money go into their savings created a sense of immediate gratification, so it encouraged them to keep up the habit. They made their habit satisfying, and eventually, they saw long-term rewards when they saved enough money to book their trip.

## THE IMPORTANCE OF HABIT TRACKING

Kicking a bad habit or implementing a good one can be hard. While it’s satisfying to make progress, sometimes that satisfaction is delayed, causing us to give up on those healthy habits. Additionally, we crave visual evidence of progress which we don’t always see when kicking habits like smoking. Luckily, there are ways to measure your progress visually by implementing habit tracking.

Habit tracking is a simple but effective technique to ensure that you are staying on track. This technique is nothing new, however. In fact, Benjamin Franklin successfully tracked his habits, who, at the age of twenty started carrying around a booklet everywhere he went. In his booklet, Franklin recorded each time he adhered to his thirteen personal virtues. His virtues consisted of activities to avoid, like frivolous conversations, but also included things he should do each day like always do something useful. Each night, Franklin would record his successes, making a visual diary of his healthy habits.

The most simple technique is to use a calendar to cross off when you complete your desired daily habits. When you track your habits through a calendar or a diary, you will find that you are more likely to adhere to those habits. Tracking is not only obvious and creates a visual measure of your progress, but it’s also an attractive, satisfying habit. At the end of the day when you’ve accomplished whatever it is you aimed to accomplish, you’ll feel a sense of anticipation in the action of crossing off each day. Research has also shown that most people who track their progress on goals like weight loss, lowering blood pressure, and quitting smoking are more likely to improve than those who do not.

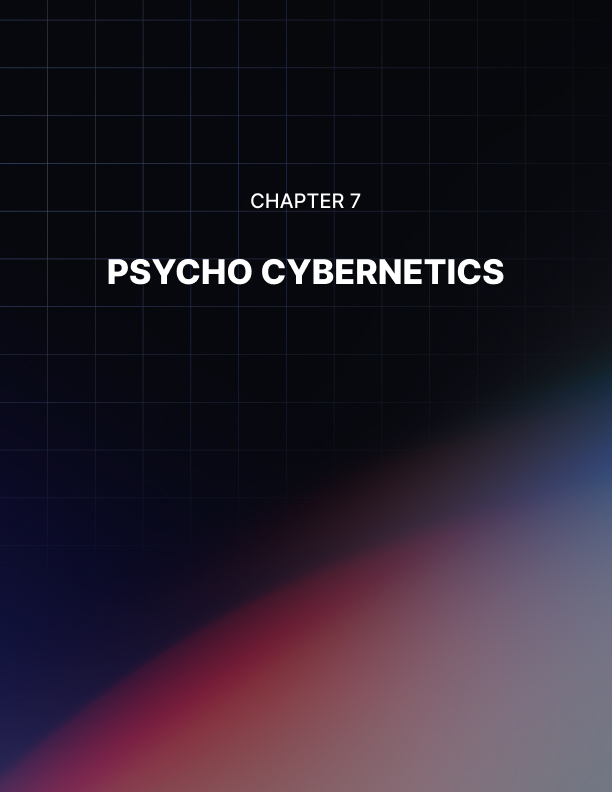
Additionally, having an accountability partner or implementing a habit contract can change everything. Just as people are more likely to repeat an experience that is satisfying, they are also likely to avoid an experience that is either painful or costly. In other words, behavior changes when there is an immediate consequence. For instance, university students are more likely to show up to class if attendance affects their grades. The students know the consequences of not showing up, so they do. Similarly, you can apply the same logic to help you form positive habits.

For example, Bryan Harris, an entrepreneur in Nashville, created a habit contract to keep him on task for working out. He had both his wife and personal trainer sign a contract which forced him to commit to getting his weight down to 200 pounds. To reach this goal, Bryan tracked his food intake and committed to weighing himself each week. He then set up penalties for not doing these things. For instance, if he failed to track his food intake, he would have to pay his trainer $100 and if he failed to weigh himself, he would have to pay his wife $500!

Bryan’s habit contract worked, not only because he was worried about losing the money, but also because he cared about what his trainer and his wife thought about him. He didn’t want to let them down, in fact, knowing that someone is watching you can be enough motivation for success. This is why getting an accountability partner or signing a habit contract works well in implementing healthy habits.

***Final Summary***

While many people believe that making big changes is the key to success, it’s the small things we do each day that have the biggest impact on our lives. Our small daily habits will affect the person we become in the future, so it’s critical that we adopt healthy habits to ensure we live long, successful lives. Of course, this is easier said than done as forming new habits can be incredibly difficult. Luckily, there are many tips and tricks to help you implement new habits today. The four laws of habit-forming include making it obvious, attractive, easy, and satisfying. When you can make your habits an attractive, easy, and satisfying experience, you’ll be more likely to keep up with them. Additionally, an accountability partner and a habit contract will help you even further when starting new, healthy habits or kicking a bad one.



# Chapter 7: PSYCHO CYBERNETICS

**Psycho-Cybernetics explains how thinking of the human mind as a machine can help improve your self-image, which will dramatically increase your success and happiness.**

## EXPERIENCE IS IMPORTANT

*“Human beings always act and feel and perform in accordance with what they imagine to be true about themselves and their environment.”*

Dr. Maltz begins with a preface describing a bit of the background behind his book. As a plastic surgeon, he saw example after example of patients who would have their outward appearance transformed (via plastic surgery), but wouldn’t end up any happier as a result of having had their surgeries. In short: their outward appearance would change, but their internal feelings and attitudes would remain the same.

In his investigations he discovered cybernetics—the actions and requirements of machines in accomplishing tasks. This field of cybernetics was then applied to people, resulting in an application of how people achieve success, or failure.

People’s experiences are similar to a machine’s programming. Both lead to certain outcomes, and both can be changed. As the field of psychology developed, it became clear that even in a controlled laboratory, people could use experiences “imagined vividly and in detail” to change outcomes.

The book Psycho Cybernetics was written to be experienced. Each chapter should be read actively, making notes about the points that appeal to you, and creating your own summaries and analysis. There are practice exercises to complete throughout the book. As you take action, remember this point; “It usually requires a minimum of about 21 days to effect any perceptible change in a mental image.” So keep practicing the exercises, and working through the knowledge you’re gaining.

## YOU CAN CHANGE YOUR SELF-IMAGE AND SUCCESS MECHANISM

*“Whether we realize it or not, each of us carries with us a mental blueprint or picture of ourselves…It has been built up from our own beliefs about ourselves. But most of these beliefs about ourselves have unconsciously been formed from our past experiences, our success and failures, our humiliations, our triumphs, and the way other people have reacted to us, especially in early childhood.”*

Although you are not conscious of it, your self-image has developed as a result of your past experiences. You tend to believe this self-image, and live your life based on this belief of yourself. This explains how some people seem to always be successful, and others constantly fail. Their subsequent experiences will support the self-image they have of themselves.

Many people’s attempts at changing their self-image are external—as witnessed by Dr. Maltz in his plastic surgery practice. Some have tried positive thinking about the future, without actually addressing their beliefs about their self-image. This is where Dr. Maltz discovered the great potential for change—in directing activity at your self-image. He discovered that true happiness and satisfaction in life comes from “an adequate and realistic self-image that you can live with.”

The secret, Maltz tells us, is this: “To really live, that is to find life reasonably satisfying, you must have an adequate and realistic self-image that you can live with. You must find yourself acceptable to you.”

Dr. Maltz sees the subconscious as a mechanism that the mind controls. He calls this our Creative Mechanism. It will function based on the goals it is given. These goals are based on your self-image. This self-image dictates the limits of your accomplishments—what you believe you can do. The Creative Mechanism uses past memories as structure for solving current problems.

Within all of us is also a Success Mechanism. This is the structure and function designed for any “activity which is intimately tied into [your] “living” or makes for a fuller life.”

There are many ways that your brain and nervous system operate as a machine. Although Dr. Maltz is clear that you are NOT a machine, he makes numerous analyses that show how the brain and nervous system are machine-like in their operation. He calls these “servo-mechanisms”. The field of Psycho Cybernetics seeks to understand how the brain works in these machine/mind terms.

In addition to your brain’s amazing capabilities, there is support to the concept that your brain can access subconscious knowledge outside of its own experiences. This access to universal knowledge is acquired through analysis, contemplation, and striving for answers. “Science has now confirmed what philosophers, mystics, and other intuitive people have long declared: every human being has been literally “engineered for success” by his Creator. Every human being has access to a power greater than himself.”

The first practical applications involve internalizing the following five concepts:

* 1. Your success mechanism must have a goal or target that you believe already exists (it can exist in actuality, or in potential).
  2. Your mechanism focuses on the END, NOT the MEANS. When you supply the goal, your mechanism finds a way.
  3. Making mistakes helps to direct you toward your goal. It provides an autocorrect that helps you redirect towards your goal.
  4. You gain skill by redirecting your errors until you are heading in the right direction. Then, you must FORGET the past (the errors), and focus on the final successful choice that led you in the right direction.
  5. Trust in the process without worrying about it or trying to adjust it. “You must “let it” work, rather than “make it” work.” Your success comes as you act, and the proof of your success follows, so you can’t look for success before actions.

## THE IMPORTANCE OF IMAGINATION

*“For imagination sets the goal “picture” which our automatic mechanism works on. We act or fail to act, not because of “will,” as is so commonly believed, but because of imagination.”*

Your thoughts and actions are based on what you imagine as truth. Hypnosis is an excellent example of this in action. “Your nervous system reacts appropriately to what “you” think or imagine to be true.”

You often react automatically to your environment. Seeing a bear will make you feel fear and run. It’s not something you need to think about first. You automatically react to the environment based on what your nervous system tells you, regardless of whether this information is true or not. It is what you believe to be true that causes the reaction.

Numerous studies have shown that mental practice improves actual performance. The key is to practice the correct mental image of the actual action.

Remember that “your physical brain and body functions as a machine which “YOU” operate.” When you practice something in your mind, you are establishing the goal to aim for. This activity is far more successful than employing will power, or ‘trying harder’. You are able to relax, picture the process, and enjoy the journey.

You can also use this method to develop an excellent self-image. Seeing yourself differently will lead to acting differently, and improving yourself. Some have called this self-image “the strongest force within you.” Although this is only achieved when you create an honest picture of yourself (not arrogant or egotistic), many people underrate themselves, so seek the best in yourself, and aim high!

You’ve already built a self-image based on past experiences. “Now you are to use the same method to build an adequate self-image that you previously used to build an inadequate one.” Use 30 minutes a day to relax, close your eyes, and imagine you are watching a movie. Get detailed. This is your mental practice for life. View positive interactions, opportunities, responses and dreams. Don’t worry if you don’t believe it—that will come. Think about how each of your senses will experience what you are imagining. Imagine positive feelings that you will experience. And remember that it may take you at least 21 days of practicing this before you notice changes. Practice will lead to new, automatic responses based on the self-image you are developing.

When you are successfully hypnotized, it is because you believe what the hypnotist is saying. In this sense, you have been hypnotized throughout your life. You believe what someone has said to you or about you, and this belief has led to certain actions. Perhaps you’ve been told you are dumb, ugly, or bad at math. You have accepted these statements and then felt obligated to act them out in order to ‘be yourself’.

The reverse of being hypnotized into negative beliefs is also possible. People have been hypnotized and behaved far beyond what their conscious restrictions would allow them. In a sense they were dehypnotized so that they could achieve what they were truly capable of. As Maltz tells us: “Within you right now is the power to do things you never dreamed possible.”

Inferiority comes when we measure ourselves against someone else’s ‘normal’ rather than our own. We believe we should be what they are, and determine that we are unworthy… NOT true. “We have allowed ourselves to be hypnotized by the entirely erroneous idea that “I should be like so-and-so”. This leads to more striving, more inferiority, and a miserable life.

The solution lies in knowing that you are uniquely you, and will never be someone else. You’re not supposed to be. Your uniqueness is valuable, and only yours to have.

So how do you undo these types of negative beliefs about yourself if you’re holding onto them?

In order to undo a negative belief or behavior, we need to begin by relaxing.

This leads to Dr. Maltz’ second practice exercise in the book—using imagination to relax. Get comfortable, and consciously relax each muscle group in your body. Don’t let this be work—just do what you can easily do. Move through mental images of relaxation.

Practice going through all of these mental images over and over again. You will develop stronger connections between mental images and how you feel physically, and become better at relaxation.

## USING RATIONAL THINKING AND RELAXATION

*”Scientific experiments have shown that it is absolutely impossible to feel fear, anger, anxiety, or negative emotions of any kind while the muscles of the body are kept perfectly relaxed.”*

Rational thinking works for changing beliefs and behaviors. You do not have to unbury every negative unconscious thought in order to change. Focusing on a mistake or guilty feelings can make the mistake the actual goal. Instead, remember that negative experiences helped you orient towards your goals, and then can be forgotten as you practice traveling in the right direction towards your goals.

It has been theorized that those who are successfully hypnotized to do amazing things have simply had negative memories purged so they could achieve greatness. It follows that you can consciously purge negative memories and unlock your own innate success. When you begin to feel negative, look for the cause, and dismiss this cause as absurd.

Determine that the irrational will not control you. Repeat this practice whenever negative thoughts and memories start to surface. Look for new, rational, positive beliefs that resonate with you.

Identify a belief about not being able to do something. Evaluate it using the following questions:

1. “Is there any rational reason for such a belief?”
2. “Could it be that I am mistaken in this belief?”
3. “Would I come to the same conclusion about some other person in a similar situation?”
4. “Why should I continue to act and feel as if this were true if there is no good reason to believe it?”

Really evaluate your responses. Get mad about beliefs that have interfered with your success and happiness. Allow this anger to spur you on to new beliefs and great success.

Rational thoughts must be joined by feelings and desires. Long for who you want to be, and what you want to have. Get excited about these desires. This process is exactly like worrying, except that now you are dwelling on positive, desirable things instead of negative things. As you change your goal picture and engage your positive emotions the possibilities will become more real.

“It is the job of conscious rational thought to decide what you want, select the goals you wish to achieve – and concentrate upon these rather than upon what you do not want.” Focus on the current task. Do everything you can under the best of assumptions, and then let the results happen.

There is a limit to rational thought. If you focus on achieving results with rational thought, you begin to develop anxiety and feelings of stress. Instead, once you have determined your goals and you are taking action towards them, let go of making success happen.

You can see how that works when examining the lives of very creative individuals. Their creative breakthroughs come from spontaneity when their rational mind has relaxed. They have a goal, a question, or a need for a solution that they have consciously examined. But once they have done what they can, they ‘let go’ and inspiration comes. We are all creative, and too much “conscious effort inhibits and “jams” the automatic creative mechanism.” Releasing this inhibition of your creative mechanism can lead to creativity, spontaneity, and truly being yourself.

Take the time to research, prepare, and make good decisions. And then, once the wheels are in motion, relax. You’ve done what you can. Give your attention now to this moment you are in. Live in today without worrying about the future, or mulling over the past. Your attention to this moment allows your creative mechanism to respond at its best. Allow your senses to absorb the experiences of this moment. Avoid multitasking, as this takes the focus away from the moment. Do one thing at a time. “Even on the busiest day the crowded hours come to use one moment at a time”. Taking this approach relieves worry, stress, and feeling overwhelmed.

Let problems go at the end of the day. Sleep on it, and allow your creative mechanism time to work without your conscious getting in the way. Dreams often lead to amazing breakthroughs. Write down what you need to do the next day, make a plan, or identify your problem, and then go to sleep. Have a pen and paper ready beside your bed to record your morning insights.

Use your relaxing practice to ‘remember’ how to achieve a feeling of relaxation in the middle of your day. Just take a moment, and recall the details and sensations of your relaxation practice. This reduces fatigue and increases coping skills and creativity.

## MAKING HAPPY HABITS AND HAVING A SUCCESSFUL VIEW

*“Happiness is not something that is earned or deserved. Happiness is not a moral issue, any more than the circulation of the blood is a moral issue…Happiness is simply a “state of mind in which our thinking is pleasant a good share of the time.” If you wait until you “deserve” to think pleasant thoughts, you are likely to think unpleasant thoughts concerning your own unworthiness.”*

Happiness is not selfish, wrong, or something to be earned. Being happy leads to unselfishness, creativity, and helpfulness – naturally. Unhappiness leads to terrible, even criminal behavior.

Happiness is learned behavior and thoughts. It must be practiced in the present moment, and cannot “be made contingent upon solving some external problem.” Learning to be happy means being free from the habit of responding negatively to the external things around us.

Part of being happy involves separating facts from opinions. Losing your savings in the stock market is a fact, being embarrassed and destroyed by it is an opinion—an unhelpful opinion that you, yourself choose to accept. Many things that are seen as impossible are opinions, not facts. The key here is to recognize when to separate one from the other.

Working towards goals often leads to feeling happy. It is your thoughts about events that lead to your feelings. If bad things happen, see them as challenges; then, get yourself a goal and start working towards it. As Maltz tells us, “Form the habit of reacting aggressively and positively toward threats and problems. Form the habit of keeping goal- oriented all the time, regardless of what happens.” Use your imagination to picture yourself handling challenges in positive, smart ways.

Happiness is something you do and something you choose. Consciously choose to think pleasant thoughts. Perform surgery on your negative thoughts – cut them out – and replace them with beautiful thoughts. Changing your self-image will impact your habits, and changing your habits will impact your self-image. “When we consciously and deliberately develop new and better habits, our self-image tends to outgrow the old habits and grow into the new pattern.” Most of your actions, feelings, and responses are habits. That means they can be changed.

The following practice exercise starts at your feet. Put your shoes on opposite to usual, and tie them differently. Use this as a reminder for change, saying “I am beginning the day in a new and better way.” In your day, choose to be cheerful, more friendly, less critical, more tolerant, focused on success, separating opinions and facts, smiling, reacting calmly and practicing for 21 days.

In order to be successful you need to be clear about what success looks like. Use this acronym:

* S-ense of direction
* U-nderstanding
* C-ourage
* C-harity
* E-steem
* S-elf-Confidence
* S-elf-Acceptance

**Sense of direction** is about maintaining your own personal focus and goals, rather than trying to go where other people think you should. It’s also about always having a goal you are working for.

**Understanding** comes when you can separate fact from opinion. This often means taking a step back, and seeing a situation/memory/feeling for what it really is, rather than from a biased viewpoint. “Admit your mistakes and errors but don’t cry over them. Correct them and go forward.”

**Having courage** to act on your goals and beliefs can make them reality. You can practice courage by taking small steps every day in little things, like striking up a random, friendly conversation with a stranger.

**Charity** can start with treating other people with more kindness. This leads to treating yourself with more kindness. Charity recognizes that people are valuable and important. Appreciate others, care about them, and treat them with care.

**Esteem** involves having a healthy, good mental picture of yourself and treating the people around you with appreciation.

**Self-confidence** grows as successful experiences increase. You can develop this by “remembering past successes, and forgetting failures.”

**Self-acceptance** is accepting yourself right now for who you are, and remembering that, “Creating a better self-image does not create new abilities, talents, powers – it releases and utilizes them.”

## GET AN EMOTIONAL FACE LIFT AND UNLOCK YOUR REAL PERSONALITY

Someone with a good self-image will not easily become emotionally damaged. The same for someone with a self-reliant attitude. “Assume responsibility for your own life and emotional needs.”

It is your response to experiences that can leave emotional scars. Practice relaxation, and focusing on peaceful images. This will help prevent these scars.

In order to lose emotional scars, they have to be removed. “Forgiveness, when it is real and genuine and complete, and forgotten – is the scalpel which can remove the pus from old emotional wounds, heal them, and eliminate scar tissue.” This means forgiving, and forgetting. Forgiveness happens when you recognize that the ‘debt’ (the purpose for the unforgiveness) is invalid. Condemnation and hatred should not have been given any place in your life. “We ourselves err when we hate a person because of his mistakes, or when we condemn him, or classify him as a certain type of person, confusing his person with his behavior”.

You must also forgive yourself. You’ve made mistakes, but hating yourself for them is futile. “So remember “You” make mistakes. Mistakes don’t make “You” – anything.” You may have failed at something, but you are not a failure. Carrying judgment and living with scars happens when you live in the past. Instead, relax, practice forgiveness, have flexible but strong ‘skin’, be creative, and let yourself be a little vulnerable.

Unlocking your real personality is about showing outwardly your “unique and creative self”. When people are inhibited they keep their real personality locked up. Often this is because they are over-experiencing negative feedback. Instead of using negative feedback to correct course, they over-correct, or cease taking any action at all. It can also occur when people are excessively careful. A solution is to practice relaxation. This enables you to be freer, less tense, and less inhibited.

Self-consciousness can also lead to inhibition. Being self-conscious is really about being too conscious of others. You monitor everything you do and say because you are concerned with how others might see you. You can begin to deal with self-consciousness by (again!) relaxing. Remember a time and place when you were with people who made you feel comfortable and supported. Recreate this feeling when you are with others, and your self-consciousness will begin to fade. Practice disinhibition – “being less careful, less concerned, less conscientious.”

## SELF TRANQUILIZING

Often your responses to stimuli are conditioned – things you have learned to do, and now do automatically. An example is picking up your phone whenever you hear a notification. You can undo this condition. If you can’t ignore the stimulus, start by delaying your response to it. As you learn to not respond, you are actually practicing relaxation. This state of relaxation encourages positive feelings, which is a natural form of tranquilizer.

Remember the relaxation exercises at the beginning of the book. “Protect yourself from disturbing stimuli by maintaining a relaxed attitude.”

Mentally create a quiet room – a place of total relaxation in your mind. Go to this mental place to rest, have a break from stimulus, and renew yourself. Practice going to this room before sleep, and before tackling challenges. You will begin to carry this calmness to other parts of your life – with positive benefits.

Another calming practice is to refuse to respond to all of the negative possibilities you might think of during the day. Instead, focus on your goals, and dismiss ‘what ifs’ as unreasonable and not worthy of a response.

## FINDING THE GOOD IN CRISIS AND FEELINGS

“A “crisis” is a situation which can either make you or break you. If you react properly to the situation, a “crisis” can give you strength, power, wisdom you do not ordinarily possess.”

To learn to turn crisis into opportunity, you first need to practice reacting to challenges without the pressure of a crisis situation. This is similar to practicing fire drills before a fire. You learn the actions without stress so you can take those same actions when the pressure is on. You also carry over an attitude of calmness and competence. Learn to react to crises with an active (rather than a passive) response. Finally, evaluate ‘crisis’ situations so you can identify the true ones from ones that are not true crises.

When you face a crisis, be confident and assertive. “This means maintaining an aggressive, a goal-directed attitude, rather than a defensive, evasive, negative one: “No matter what happens, I can handle it, or I can see it through,” rather than, “I hope nothing happens.”

There are times when your greatest challenge may be making a goal you can get excited about. Since your brain can’t tell the difference between real and vividly imagined experiences, your brain will coordinate negative feelings if you are focusing on the failures that might come from goal setting.

Bring to mind feelings of success by focusing on positive things. These feelings lead to successful actions and outcomes. You can also take time to recall successes in your past. The imprinting in the brain is strong for these, and becomes stronger with recall. The winning feeling accompanying those past successes will carry over into your current goal seeking activity.

If you haven’t experienced a great deal of success, begin with small measures you are successful at, and build on these, both with repeats of the success, and growing memories. Gradually increase the challenges and successes, as if you are weight-training. You will become accustomed to success.

Negative feelings (“fear, anxiety, lack of self-confidence”) are “indicative only of attitudes of mind within you – not of external facts which are rigged against you. They mean only that you are underestimating your own abilities, overestimating and exaggerating the nature of the difficulty before you, and that you are reactivating memories of past failures rather than memories of past successes.” You can counteract these feelings by directly confronting them, or by substituting them with positive feelings.

If you tend to be a worrier, your solution is to practice “immediately substituting pleasant, wholesome, mental images, for unpleasant “worry images.”” You replace the habit of worry with a habit of wholesome positive thinking.

You can change your thinking from negative to positive. It takes a great deal of practice to create this new habit. Using vivid mental images in your replacements will increase your success. Instead of focusing on will power, focus on positive images that generate great feelings.

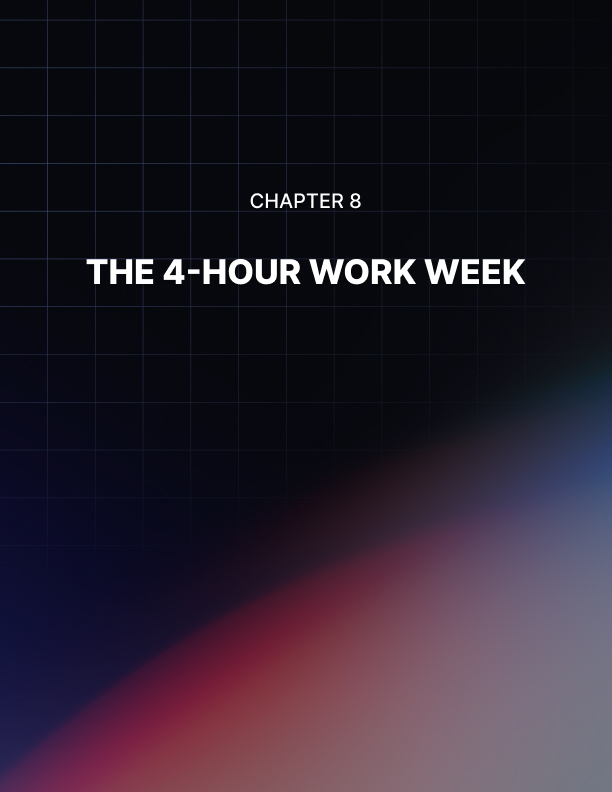
## BETTER DAYS, BETTER LIFE

“I believe that there is ONE LIFE, one ultimate source, but that this ONE LIFE has many channels of expression and manifests itself in many forms. If we are to “Get More Living out of Life,” we should not limit the channels through which life may come to us. We must accept it, whether it comes in the form of science, religion, psychology, or whatnot.”

Living with a failure mechanism in place can slow healing, and lead to overall poor health. Resentment and hatred are also bad for your health. Dr. Maltz found that his patients that recovered faster were optimistic, positive thinkers who had a reason to get better – some goal, or something good in their future. “Mental attitudes can influence the body’s healing mechanisms.” This is even obvious with the success of placebo treatments. People who believe they are receiving healing medication improve.

What you believe works in your life will very often work for you. Even your views of aging will impact how you age. There are seven needs that, when fulfilled, lead to a better life. These needs are for love, security, creative expression, recognition, new experiences, self-esteem, and the need for “more life – the need to look forward to tomorrow and to the future with gladness and anticipation.”

This desire for more life leads to more life. “I believe that we establish this need by looking forward to the future with joy and anticipation, when we expect to enjoy tomorrow, and above all, when we have something important (to us) to do and somewhere to go.” Creativity also leads to a longer life. Many creative people produce their greatest works after eighty. It may also explain why some men die soon after they retire. They no longer have a creative/productive outlet.



# Chapter 8: THE 4-HOUR WORK WEEK

**The 4-Hour Work Week is the step-by-step blueprint to free yourself from the shackles of a corporate job, create a business to fund the lifestyle of your dreams, and live life like a millionaire, without actually having to be one.**

After college, Ferriss took a soul- sucking sales job at a tech firm. He left to start a soul-sucking business of his own. He went from working 40 hours a week for somebody else to working 80 hours a week for himself. He hated it. The pay was good, but the business left him drained.

After learning about the Pareto Principle (more commonly known as the 80-20 Principle), Ferriss had a revelation: he streamlined his business, eliminating distractions and automating systems until it was not only more profitable, but also took less of his time.

Much less. He took a “mini-retirement”, and then decided to write a book about “lifestyle design”, about creating a life that balances work and play, maximizing the positives of both.

The 4-Hour Workweek describes the specific actions Ferriss took to implement these steps. This book actually is the complete embodiment of the 80/20 principle into an individual’s professional life. The 80/20 principle is the idea that 80% of your productivity comes from 20% of your time, and the other 20% of your productivity eats up 80% of your time.

Ferriss argues that by eliminating that 20% of productivity that eats up most of your time, you can live in a much more efficient fashion, and the entire book revolves around that concept in various ways, hence the title The 4-Hour Workweek. In some ways, the book itself reads like a blog, as it’s broken down into lots of little pieces: some of them step-by- step advice, some of them anecdotal, and some of them philosophical.

The 4-Hour Work Week is divided into four sections, each of which explores one of the components to lifestyle design:

* Define your objectives. Decide what’s important. Set goals. Ask yourself, “What do I really want?”
* Eliminate distractions to free up time. Learn to be effective, not efficient. Focus on the 20% of stuff that’s important and ignore the 80% that isn’t. Put yourself on a low-information diet. Learn to shunt aside interruptions, and learn to say “no”.
* Automate your cash flow to increase income. Outsource your life — hire a virtual assistant to handle menial tasks. Develop a business that can run on auto-pilot.
* Liberate yourself from traditional expectations. Design your job to increase mobility. This could mean working from home, or it could mean using geographic arbitrage to take mini-retirements in countries with favorable exchange rates.

Right off the bat, the book makes it clear that you should pick and choose from the material presented within, and that’s a vital caveat for any personal productivity book - but especially this one.

## Step 1: D IS FOR DEFINITION

Most of this section is devoted to divorcing yourself from the idea of working yourself to death for a gold watch and a pat on the back. Instead, you should abandon a few concepts such as retirement as a holy grail and that absolute income is the most important thing (relative income - i.e., the amount you earn per hour of work - is the most important thing in this book). These are assumptions that actually have a lot in common with books like Your Money or Your Life and the voluntary simplicity movement.

Here’s one key exercise from this section that really shows what he’s talking about. Spend about five minutes and define your dream. If it wasn’t for the things you had to do, what would you be doing with your life right now?

Now, spend another five minutes and define your nightmare in as much detail as possible. What is the absolute worst thing that could happen if you followed that dream?

If you take the dream and compare it to the nightmare, is that possible nightmare really bad enough to abandon your dream?

From there, the book goes into a very detailed process of breaking down that dream into tangibles and seeing how close you really are to that dream - and sets up the remainder of the book, which identifies things you can do to reach that dream.

## Step 2: E IS FOR ELIMINATION

In terms of techniques that you can really use to improve your day to day life, this section has the best advice. It focuses on some very straightforward techniques for eliminating most of the regular mundane activities that fill our professional lives. Here are seven examples:

1. Make your to-do list for tomorrow before you finish today. When you add an item to this list, ask yourself if you would view a day as productive if that’s the only thing on the list that you got done. Then, when you start in the morning, just attack that list with vigor knowing that all of the stuff is worthwhile.
2. Stop all multitasking immediately. This means when you’re trying to write, close your email program and your instant messenger program and your web browser and just focus on writing, nothing else. This allows you to churn out the task way faster.
3. Force yourself to end your day at 4 PM or end your week on Thursday. Even if you have to come in on Friday, do nothing (or, even better, focus on something to develop yourself). The goal here is to learn to compress your productive time.
4. Go on a one week media fast. Basically, avoid television (other than one hour a day for enjoyment/relaxation) and nonfiction reading of any kind (including news, newspapers, magazines, the web, etc.). By the end of it, you’ll discover that the media and information overload was giving you a mild attention deficit.
5. Check email only twice a day. Combining this with the “no multitasking” principle enables email to only eat up a sliver of my time when it used to seemingly bog down everything.
6. Never, ever have a meeting without a clear agenda. If someone suggests a meeting, request the specific agenda of the meeting. If there isn’t one, ask why you’re meeting at all. Often, meetings will become more productive or, if they were really time wasters to begin with, they’ll vanish into thin air.
7. Don’t be afraid to hang up a “do not disturb” sign. This was something that seemed very natural to me, but for many people it’s not. If you’re being interrupted regularly by people popping in, you’re effectively multitasking and multitasking is a time waster, so if you have a task that requires your focus, literally hang up a “do not disturb” sign. People will get the message.

## Step 3: A IS FOR AUTOMATION

This section is a lengthy description of how to become a little or no-value-added entrepreneur - in other words, a middleman. The idea is that if you set up being a middleman appropriately, you can create a stream of passive income that permits you to make money with very little effort.

While this is interesting to some people, the truth is that it’s not quite as easy as the author makes it out to be. It relies heavily on salesmanship (the ability to convince people you have a product that they want) and luck (stumbling into a market). If you have both (and the examples he uses have both), you can do quite well, but such things are never a guarantee.

## Step 4: L IS FOR LIBERATION

The final section ties the pieces of the puzzle together into an overall picture. In essence, it takes the dreams defined in the first part, the enhanced productivity of the second part, and the passive income of the third part and creates that titular four hour workweek.

The first step is to change your job so that you can work remotely. You can do this by getting efficient (as described in the second step), then demonstrating your efficiency during sick or vacation leave, then requesting some time away from the office as part of your routine, then gradually shifting to an all-remote life. This way, you can tackle the work from anywhere on your own terms. Of course, this may also lead you to quit your job if you are able to build up new opportunities (like those from the third section).

What do you do with your free time? That’s the entire point of this book, that time is the really valuable asset we have in our lives, not money. Time allows you to follow your dreams, and this entire book’s purpose (at least steps two and three) has been about moving more and more time into your own personal life so you can do these things.



# Chapter 9: MONEY: MASTER THE GAME

**Money: Master The Game holds 7 simple steps to financial freedom, based on the advice of the world’s best billionaire investors, interviewed by Tony Robbins.**

If you’re looking to achieve and maintain financial freedom, you must begin by building your “Money Machine.” If your money isn’t working harder than you are, then it’s time to build a machine that will earn you money while you sleep! Through a portfolio of personal investments, you can master the money game and begin your journey to financial freedom and independence.

Financial investments provide the opportunity to generate ongoing income to fund the lifestyle you want, but how can you achieve this? There are seven steps to financial independence: become an investor, know the rules of investing, figure out the numbers, allocate your investments, create a plan, start investing today, and finally, enjoy your future - it’s going to be a great place.

## Step 1: MAKE THE DECISION TO BECOME AN INVESTOR, NOT JUST A CONSUMER

If you truly want to take control of your money, you need to figure out how it’s working for you. How hard is your money working? If it’s simply sitting in a bank account, then it’s living a sedentary life and doing nothing for you. Even a small amount of money can be magnified by the power of compounding. The best way to unleash that power is to learn how to become an investor, not just a consumer, and begin building your money machine. In the words of Tony Robbins, “If you work for a living, you’re trading your time for money.

Frankly, it’s just about the worst trade you can make. Why? You can always get more money, but you can’t get more time. If you stop working, you stop making money. Let’s build a money machine to take your place and, let’s set it up in such a way that it makes money while you sleep.” Compounding money is the best way to make your money work for you. It simply means letting your money develop over the years through interest. For example, if you set aside $100 that generates a 10 percent profit, you’ll end the year with $110. Next year, that ten percent will build upon $110, so you will end the year with $121. Each year you’ll accrue more money without even touching it! So how do you create this money machine that works for you?

First, think of your personal money machine as if it were a second business you own. No employees, no payroll, no overhead expenses. The only product? A lifetime stream of income for you and your family that never runs dry. When you view investment from this perspective, you begin to recognize that your money machine is really a freedom generator for you and your family. But what’s the first step to this financial freedom?

Decide how much of your current income you will save each week to start building your money machine. However, don’t even think of it as savings! Robbins calls it your “Freedom Fund” because freedom is what it’s going to buy you, freedom now and in the future. Save a fixed percentage each pay period, and then invest it intelligently, and over time you’ll start living a life where your money works for you instead of you working for your money. So what percentage works for you? It’s up to you to decide. What does your gut tell you? Whether it’s ten percent or twenty percent, only you can make the decision. If you’re thinking “I can’t save another penny out of my paycheck,” well, you aren’t alone.

The easiest way to begin is to create an automatic payment into your savings account. This way, you don’t even see the money in the first place. Compounding interest can work no matter how much or how little you make. For instance, in 1924 Theodore Johnson started working for UPSand never earned more than $14,000 a year in his entire life. For each paycheck, Johnson set aside 20 percent, and each Christmas he put that money into UPS stock. By 90-years-old, his UPS stock portfolio was worth more than $70 million thanks to stock splits and dividends. In other words, saving can be done no matter what you earn.

## Step 2: KNOW THE RULES OF INVESTING SO YOU CAN BECOME AN INSIDER

Once you’ve decided to begin investing, it can become overwhelming to know where to start. There are so many options, should you get a professional to help? What if you invest in the wrong thing? Many novices fall prey to the myths of investing, so it’s time to debunk those myths so you can be sure you are getting the best value for your money.

These myths are important, if you’re aware of them, you can boost your personal money machine’s performance by hundreds of thousands of dollars every year.

Robbins advises to “Don’t get in the game unless you know the rules! Ignorance is not bliss. Ignorance is a pain, ignorance is a struggle, ignorance is giving your fortune away to someone who hasn’t earned it.” Remember, your aim should be to conquer the mountain of financial freedom.

The first myth involves the mutual fund industry. Professional money managers in this industry promise they can generate better returns; however, this is far from true. 96 percent of managed funds fail to beat the market over any sustained period of time. Additionally, the average cost of owning a mutual fund is 3.17 percent a year. This is 30 times the 0.14 percent cost of owning the entire market through an index fund. When you consider those “small” fees combined with the average lower returns, it becomes clear that a mutual fund is not in your best interest.

Others look to brokers to help them with their investments. Brokers are in the business to make money through their commissions on investments they recommend, simply put, they don’t have your best interest in mind. Only a fiduciary has a legal obligation to give you independent advice, only work with fiduciaries, not brokers.

Many also believe their retirement is all sorted with their 401(k). However, saving just three percent of your income tax-free won’t build a viable money machine for you. It just cannot be done and it simply won’t be enough to give you the financial freedom you want. But also don’t be fooled into thinking you must take big risks to get big rewards. The phrase “It takes money to make money” is untrue. You can certainly set up your investments so you risk a little but make a lot.

Lastly, you need to believe in yourself and in your ability to achieve financial freedom. Do your research and find a strategy that works. Money is simply a reflection of your creativity, your capacity to focus, and your ability to add value for other people.

## Step 3: MAKE THE GAME WINNABLE BY FIGURING OUT WHAT YOUR REAL NUMBERS ARE

How much will it take for you to be financially free? Few people ever sit down and really figure out what it’s going to take for them to become financially independent. That’s because there isn’t just a single number, but to make it easier, there are five different goals that you can set out to achieve.

***Goal One: Financial Security***

is where you’ve got enough funds to cover your mortgage, utilities, food, basic transportation, and insurance. Essentially, your monthly builds are covered.

***Goal Two: Financial Vitality***

is where in addition to having everything in Level 1 paid, you also have the funds for clothing, small indulgences, and even a few luxuries. You have all your needs met as well as a few wants.

***Goal Three: Financial Independence***

is where you no longer have to work, you generate enough income from your investment income to live a great lifestyle. You can stop working and do whatever you like. The average American spends about $34,688 a year, so if your goal is financial independence, you’ll need about $640,000 in your freedom fund.

***Goal Four: Financial Freedom***

is where you have investments that not only generate enough income for the lifestyle of your choice but also allow you to spend on big-ticket luxury items including large donations, expensive toys (cars, boats, planes), and vacation homes, and lavish vacations.

***Goal Five: Absolute Financial Freedom***

where you can afford to do anything you want anytime you want without any restrictions. At this level, you and your family can live the life of your dreams and you can truly make a difference in the world.

Once you sit down and put a figure to each of those levels, you can begin your plan for financial freedom. The biggest problem many people face is when they see numbers, they assume those goals are too far away so there’s no point in trying. But once you have a plan, your next step is figuring out how to make your financial dreams come true faster than you ever thought possible. Of course, there are five ways you can accelerate your process.

* You can save more and invest the difference where compound interest will work. For instance, if you prepay your next month’s mortgage payment, you can cut your interest payments in half and invest the difference.
* You can figure out how to earn more and invest the difference. Increase your value by investing in yourself. Retool your career and learn how to provide better solutions and you’ll soon be in a position to earn more.
* Get more money out of your investments by reducing your fees and taxes, then reinvest the difference. Even a reduction of 2% in fees can mean hundreds of thousands of dollars more in value over twenty or thirty years.
* You can restructure your investments so you get better returns. Do this by making investments that have a lot of upside potential and little or no risk.
* Lastly, you can change your lifestyle and spend less money on your day-to-day living expenses and invest the difference. Even just moving from a high-tax state to a low-tax state can free up a significant amount of money for investing. Find somewhere beautiful and affordable and put what you save into more investments.

## Step 4: MAKE YOUR MOST IMPORTANT DECISION - HOW TO ALLOCATE YOUR INVESTMENTS

Now that you have money saved in your “freedom fund,” what do you do with it? It’s time to start investing and invest wisely. Where you put your money, or where you allocate your assets, is one of the most important decisions you can make. According to Robbins, “Asset allocation is the most important decision of your lifetime, more important than any single investment you’re going to make in stocks, bonds, real estate or anything else.

Anybody can become wealthy; asset allocation is how you stay wealthy.”

The best way to begin is to visualize asset allocation in terms of placing your financial asset into three separate buckets. The first bucket is your security bucket. These are the investments that give you peace of mind, they won’t grow very fast, but that money will be there when you need it. The second is your growth bucket where you make riskier investments, but if they are successful then they will generate high returns. It’s important to prepare to lose everything you put in here. The last bucket is your dream bucket where you invest some of the profits from your other buckets. The profits from this bucket will potentially fund your dream lifestyle.

You must decide for yourself how much you should allocate to each bucket and that amount will change over your lifetime. A reasonable rule-of-thumb many investors suggest is to invest your age in your security bucket. In other words, at age 40, you will want 40 percent in your security bucket and 60 percent in your growth and dream buckets. However, when you turn 60-years-old, you’ll want 60 percent in your security bucket and 40 percent in your other two.

When allocating your assets, ask yourself “how much risk can I afford to take at this stage of my life?” The answer to this question will change as you age, so your investment allocations should change as well.

## Step 5: CREATE YOUR OWN GUARANTEED LIFETIME INCOME PLAN

Don’t worry about reinventing the wheel, many other people have succeeded in creating their financial freedom, you can simply follow their steps to create similar results for yourself. When analyzing what other investors have done, you’ll likely find greater success and have a better chance of achieving your goals.

Take Ray Dalio, for example. As the world’s largest hedge fund manager, Dalio has developed an investment portfolio that generates the largest returns with the least amount of risk. Similar to how seasons change, Dalio’s plan is meant to earn you money despite the changes in the market, this is why his plan is aptly named the “All Seasons” portfolio. According to the All Seasons portfolio, you should invest 30 percent of your assets in stocks, especially in seasons of high growth when you will see a higher return. You should then invest 7.5 percent in gold and 7.5 percent in commodities. These are often smart investments even during periods of high inflation. Finally, add the remaining 55 percent in US Bonds which are low-risk investments. Using this approach offers you the best odds for having a smooth climb up your financial mountain where your investments will generate a steady ongoing income for you.

Next, you need to make savvy use of annuities to generate a lifetime income stream. It’s smart to utilize annuities to get you through the bad times. If you’re confused about what an annuity is, it is simply where you give your money to an insurance company and they begin paying you a return either immediately or at a later date. Essentially, annuities are a guaranteed way to receive a steady income for life. When annuities are paired with the All Seasons portfolio, you’ll have a winning combination for retirement funding.

Finally, you will want to make full use of tax-efficient life insurance strategies to reduce the amount of time it takes you to achieve financial freedom. Using this strategy can cut your path to financial freedom by 30 to 50 percent. Specifically, private placement life insurance (PPLI) allows you to deposit money and have no tax on the growth of your investments or even when you access the money. The Wall Street Journal has described PPLI as “the rich man’s Roth.” Nowadays, you no longer need to drop a quarter of a million dollars a year to access PPLI, instead, companies like TIAA-CREF offer this type of service to everyone.

The US Treasury Department states, “Americans should convert at least half of their retirement savings into an annuity.” George Foreman states, “The question isn’t at what age I want to retire, it’s at what income.” There’s no better time than now to begin your journey to financial freedom, you have the power to create a lifetime guaranteed income, so keep reading to learn how you can start investing today.

## Step 6: START INVESTING TODAY

Luckily, Tony Robbins has already done the hard work for you. You should look to emulate what the most successful investors have already achieved, you can follow their blueprint and do the same for your investment portfolio. Tony Robbins interviewed more than 50 self-made billionaires, Nobel Prize winners, investment gurus, and financial legends. Each of them shared the same four obsessions:

* Each of them focuses on achieving extraordinary returns while ensuring they don’t lose money. They don’t believe that big risks mean big returns, they understand that you don’t have to take risks to make good money.
* If they do take risks, they look for “home runs.” They expect to get a return of at least $5 for every $1 they risk.
* Billionaire investors do their homework. They anticipate changes and constantly look for asymmetric risk/reward opportunities that might not be obvious to casual investors.
* They never stop learning. Even though these billionaires have a substantial amount of wealth, they know that there is always something new to learn. They continue to grow and they never lose their hunger to succeed.

To motivate you and get you started, here are some tips and tricks that billionaires have to say about investing. Carl Icahn says, “Don’t just look for opportunities in business. Get out there and create them for yourself.” David Swensen states, “Asset allocation actually accounts for more than 100 percent of returns in investing - because when you buy and sell, you incur costs. Buy the entire market through an index fund and you’ll do better.” Warren Buffet advises, “Put 10 percent in short-term government bonds and 90 percent in a very low-cost S&P 500 index fund” as well as “Indexing is the way to go. Invest in great American businesses without paying fees to mutual funds.” And finally, Paul Tudor Jones says, “The whole trick in investing is: ‘How do I keep from losing everything?’ Get out of anything that falls below its 200-day moving average.”

## Step 7: GET STARTED AND ENJOY THE FUTURE - IT’S GOING TO BE A GREAT PLACE

The future is bright. Think about how far the world has come in the past few decades, and think about what it may look like in the future. New technologies that are now coming to fruition will create an age of prosperity in which we will have infinite possibilities that seemed near impossible just a decade ago. The future of the world is one of abundance and the coming technology will wash over the concerns of the present time. Those concerns involving the retirement of baby boomers, the debt wave, the environmental and climate change wave, etc. will all become irrelevant by the wave of technology that is coming.

With this future of abundance, what will financial freedom look like for you? With endless possibilities, you have the opportunity to leave a personal legacy that will continue to grow long after you are gone. You have the opportunity to master the money game and achieve financial independence. However, happiness is also built upon your relationships and good health, you need balance in your life. So with that in mind, think about the following questions:

* What should I be focusing my time and energy on right now? Focus more on what you have and less on what you don’t. You’ll not only be happier, but you’ll achieve more. Focus on what you can control, not on what you can’t.
* What does money mastery mean for me and my family? Look at the events in your life as the means of a new beginning rather than the end of something old. Once you change the meaning you give things, you begin to change your life as well.
* What am I going to do today to move in the right direction? What you do counts more than what you know. If you want to shape your future, you need to commit to taking necessary action in the preferred direction.
* What can I do today to give to others? Think about what you are most passionate about and determine how you can leave a legacy in that area. Invest in others, this will generate happiness that nothing else can match.

Steve Jobs once said, “Being the richest man in the cemetery doesn’t matter to me. Going to bed at night saying we’ve done something wonderful, that’s what matters to me” Similarly, Tony Robbins advice to “Live life fully while you’re here. Experience everything. Take care of yourself and your friends. Have fun, be crazy, be weird. Go out and screw up! You’re going anyway, so you might as well enjoy the process. Take the opportunity to learn from your mistakes: find the cause of your problem and eliminate it. Don’t try to be perfect; just be an excellent example of being human.”

***Final Summary***

No matter where you are in life, you can achieve financial freedom. Investing, especially for the newbie, is daunting and it’s hard to know where to begin. The important thing is simply to begin. Start small, start slow, but you must start somewhere. You’ll never get anywhere in your financial freedom if you don’t ever start. Seek advice from those you trust, be smart about how you allocate your assets and prepare for the many financial seasons throughout your life. If you keep going and work hard, you’ll find financial freedom and master your money. You have the opportunity to live the life you want and leave a financial legacy for those you love.



# Chapter 10: GOOD TO GREAT

Good to Great examines what it takes for ordinary companies to become great and outperform their competitors by analyzing 28 companies over 30 years, who managed to make the transition or fell prey to their bad habits.

## GOOD IS THE ENEMY OF GREAT

Few people manage to achieve greatness in their lives as they settle too quickly for a comfortable life. The same can be said of companies. Indeed, the vast majority of businesses attain a level of adequate functionality, but instead of progressing beyond this point, they simply stagnate there. With this in mind, Collins asked himself a simple question: Can good companies become great ones, and if yes, then how?

After five years of research, Collins not only certified that a good company can become great, but that any organization can do so – if they follow the framework he suggests.

Here’s how both he and his research team began to unpack this question to create the good to great principles:

***The search***

Collins assembled a group of researchers, and together, they identified a group of 11 companies out of a possible 1,435 that had spent 15 years at, or below, the general level of the stock market and which then proceeded to go through a transformation which saw them taking in returns of at least three times the stock market level over the next 15 years.

***Finding comparisons***

Next, Collins and his team identified a group of “comparison companies.” These included companies that were in the same industries as the good-to-great companies, but that either didn’t leap from good to great or made a short-term shift to great but failed to maintain their success.

***Deep analysis mode***

The team collected as much data as possible on each of their 11 companies. They conducted interviews with executives who held positions at the time of their company’s transition. Consequently, the team avoided starting out with any set hypothesis to test. Instead, they sought to build the good to great principles purely from the data, thus directly from the ground up.

***From chaos to concept***

From their findings, the team was then able to create a cohesive framework of concepts that each of the good-to-great companies had utilized.

## AN OVERVIEW OF THE GOOD TO GREAT PRINCIPLES

The key factors that decide whether a company can transform from good to great are eight-fold. Each factor is given a chapter in the book, and thus, this Good to Great summary will cover the following points in detail:

***Level five leadership***

Surprisingly, the leaders of good-to-great organizations tend to be introverted and reserved rather than big-personality entrepreneurial celebrities.

***First who…then what***

Good-to-great companies first get the right people on board before working out the vision of their company.

***Confront the brutal facts but don’t lose faith***

A good-to-great company must hold tight to the belief that it can and will prevail against all odds, while also accepting the (often brutal) facts about the company’s current reality.

***The Hedgehog Concept***

To go from good to great means that the comfort of complacency must be overcome.

***A culture of discipline***

When the workforce is disciplined, hierarchy becomes irrelevant. When there is disciplined thought, bureaucracy is decreased. When there is disciplined control, there is no need for excessive controls. Therefore, when a culture of discipline combines with an entrepreneurial endeavor, great performance is achieved.

***Technology accelerators***

Good-to-great companies never use technology as the primary means of integrating change into their processes. However, how they choose to use and select technology is what sets them apart from their comparison companies.

***The flywheel and the doom loop***

The good to great process doesn’t happen overnight. Success comes after much- focused attention is applied to moving a company in a single direction over a long period until a point of breakthrough is breached.

***From good to great to built to last***

To make sure good-to-great companies endure, core values and purpose must align with something more than just making money.

## LEVEL FIVE LEADERSHIP

One of the key takeaways from Good to Great is that at the helm of every good-to-great company, there is a “level five leader.” Collins defines a level five leader as an executive who creates an enduring legacy of greatness through a paradoxical blend of humility and professional determination. Such leaders do not let their ego dictate their decisions; their ambition is above all for the success of the company, not for themselves.

At first, Collins found this finding difficult to accept. It went against his belief that a company’s success doesn’t rely solely on its leader. However, the data consistently demonstrates that during the transition from good to great, each great company is led by a level five leader.

This discovery began to make more sense when looking at the sustained success of good-to-great companies. As all of these companies were being overseen by level five managers at the point of their transition, when it came time to hand over the leadership of the company to a new manager, thanks to their humility, and their will to see the company thrive, level five leaders would facilitate a smooth transition for their successors.

What’s startling is that 75 percent of the comparison companies had executives who set up their successors for failure, or who chose weak successors. The egoless actions of the level five leaders, therefore, goes some way to explaining the enduring legacy of good-to- great companies.

However, in addition to humility, level five leaders also have to be in possession of a stoic degree of determination to see the company succeed. An interesting caveat to this essential characteristic is that such loyalty is often cultivated through working for the company before becoming the CEO. Indeed, nearly all of the good-to-great CEOs came from inside the company, whereas the comparison companies were six times more likely to hire CEOs from outside the company.

Level five leaders were also much more likely than the leaders of the comparison companies to attribute any success to factors outside of themselves, and to attribute any shortcomings to themselves (when appropriate). The CEOs of the comparison companies, on the other hand, tend to blame any failings on ‘bad luck’ rather than to accept responsibility, preferring to blame anything beyond themselves.

It’s possible to become a level five leader. However, it comes more naturally to some than others. Self-reflection, personal mentors, teachers, coaches, and learnings from significant life experiences are all tools that can be used in this endeavor. While there is no step-by-step list for how to become a level five manager, practicing the findings from the rest of the book can help cultivate such level five traits, and thus, help us to move in the right direction.

## FIRST WHO…THEN WHAT

When Collins and his team began their research, they started out thinking that the key to transforming a good company into a great one would be to implement a new vision and strategy. They were wrong. The first thing great companies did was to get the right people involved in the team (and to get rid of any underperforming employees).

This coincides with the idea that if organizations begin with the “who” as opposed to the “what,” they are much more likely to be able to adapt to the ever-shifting demands of the modern world. The right people don’t need to be micromanaged or encouraged to do a good job; it is ingrained within them. They will have faith in the company because they believe in the value of their teammates. Further, if a company comes across a great business idea, but has a poorly functioning team, it is almost certainly doomed to fail.

A particularly intriguing takeaway from Collins’ research is that they found no correlation between executive compensation and the shift from going from good to great. Indeed, the data showed that good-to-great executives made slightly less money, on average, ten years after their company’s transition than their mediocre company counterparts!

It’s important to note that it’s not how much executives are being compensated, but which executives are being compensated. If companies begin by choosing the “who” before the “what,” these executive members are far more likely to be motivated by the success of the company beyond mere financial compensation.

Still, what to do if once a business is established, some team members don’t seem to match the company standards? The trick is to be rigorous as opposed to ruthless.

Collins’ research showed that layoffs occurred five times more frequently in the comparison companies, indicating that endlessly firing swathes of employees is not the best approach. Collins suggests a three-step system for improving a team, without resorting to mass firings:

1. When in doubt, don’t hire, keep looking. It is much more costly for a company to hire the wrong person in the long run than to delay the process and find the right person eventually.
2. When it does become evident that a group or an individual is a bad match for the company, act quickly, but not before assessing whether that group or individual would be better matched elsewhere within the team.
3. Allocate the best team members to the company’s biggest opportunities – not its biggest problems, ensuring that you get the best out of your existing workforce.

## CONFRONT THE BRUTAL FACTS – BUT NEVER LOSE FAITH

Another key takeaway from Good to Great is that the good-to-great companies pivoted into greatness thanks to a series of excellent decisions which were expertly executed, and which accumulated one on top of the other. This was due, in large part, to how these companies faced the brutal facts about themselves, head-on. Instead of merely setting out for greatness, they continually informed the path to greatness with truths about how they were performing, even if it was hard to swallow.

However, how is it possible to keep a team motivated when faced with such painful truths about the company’s current performance? Collins suggests creating a culture of truth which adheres to the following four principles:

1. Lead with questions, not answers. Asking questions is an excellent way of getting a better understanding of the truth. To ask questions also indicates that one is willing to be vulnerable enough to demonstrate that they do not have all of the answers. It’s in this safe environment where reality-based problem solving can occur.
2. Engage in dialogue and debate, not correction. Instead of just creating sham debates to make employees feel like they’ve all had their say even if the CEOs have already chosen the course of action, genuinely let a team debate the issues to come up with some more informed solutions.
3. Conduct autopsies without blame. In doing so, a culture in which the truth can be heard without fear of backlash can thrive.
4. Build “red flag” mechanisms. This mechanism means entitling every member of a workforce to the right to be heard without judgment on any issue that may be concerning them, equipping them with a metaphorical “red flag” that they can raise at any time.

Once a company is prepared to face the truth at every step of their journey, they must, somewhat paradoxically, combine this with an unwavering belief in the [success of their](https://www.oberlo.com/blog/how-to-be-successful) [business.](https://www.oberlo.com/blog/how-to-be-successful) This means that even when things seem desperate, and the reality seems bleak, the team can fall back on this culture of determination to see the company through such difficult phases and, thus, go from good to great.

## THE HEDGEHOG CONCEPT

One of the key Good to Great principles is what Collins refers to as “The Hedgehog Concept.” This concept comes from Isaiah Berlin’s essay “The Hedgehog and the Fox,” which is based on an ancient Greek parable and in which he divides the world into two categories: Hedgehogs and foxes. The fox knows a vast variety of different things, but the hedgehog knows one thing, and knows it well. From this logic, many of humanity’s greatest thinkers have been hedgehogs as they have been able to simplify the complexity of the world into a singular unified vision. For example, consider Darwin and natural selection, Einstein and relativity, and Marx and the class struggle.

Collins, therefore, contests that all good-to-great companies were hedgehogs, and all the comparison companies tended to be foxes– scattered, diffused, and inconsistent. The good-to-great companies were all led by a simple, unifying concept that acted as a frame of reference for all of their decision-making. In turn, this led to breakthrough results.

Collins breaks down “The Hedgehog Concept,” as being the accumulation of the following three good-to-great principles:

1. What you can be the best in the world at. This principle means that even if a company’s core business has been driving relative success for many years, it doesn’t necessarily mean that the company is the best in the world at it. If they are not the best in the world at it, they will never be great. To be great means to transcend the curse of simply being competent. Only by working out what a company can do better than any other organization will lead a company to greatness.
2. What drives your economic engine? A company can become great regardless of the industry in which they find themselves. The key is to build a formidable economic engine that is based on deep insights about their economic reality.
3. What you are deeply passionate about. Good-to-great companies don’t decide upon an idea and then encourage their team to become excited about it. Instead, they start by only pursuing that which inspires their team members.

When a company can find a unifying concept which links all three of these factors, then that is it’s Hedgehog Concept. More often than not, good-to-great companies started out as not being the best in the world at anything. However, they all, in turn, began the search for their defining Hedgehog Concept, and even though on average it took them four years to find this defining concept, they never wavered from it once they discovered it.

## A CULTURE OF DISCIPLINE

Many successful startups end up failing because, as they become increasingly large and complex, managers begin to flail in the face of increasing demand. It’s at this point that the board may decide to bring in some external “professional” managers, usually experienced MBA executives from blue-chip companies. Hierarchies start to form, and order returns to chaos. However, in this process, entrepreneurial spirit is lost, and mediocrity takes hold, preventing the company from ever becoming great.

So, how does a company manage to maintain an entrepreneurial spirit while also not growing into something entirely unwieldy? By implementing a culture of discipline. Collins suggests a four-step process to encourage a culture of discipline in the workplace:

1. Cultivate a culture around the principles of freedom and responsibility that operates within a specific framework.
2. Make sure that all employees are self-disciplined individuals willing to go to great lengths to fulfill their responsibilities and obligations.
3. Be sure to never conflate a culture of discipline with a culture of tyrannical discipline. Great companies are led by level five leaders who focus on encouraging a culture to form. In contrast, comparison companies are led by leaders who choose to discipline their team via sheer force. This tactic is counterintuitive.
4. Religiously follow the Hedgehog Concept to ensure that the entire team remains unwaveringly focused. Indeed, the more that an organization can follow its Hedgehog Concept, the greater the opportunities it will have for growth.

## TECHNOLOGY ACCELERATORS

Great companies have lived through incredible technological revolutions such as the .com boom and the advent of the personal computer. But instead of being defeated by such radical advances, they have endured. How? Because rather than panicking and choosing to adapt for adaptation’s sake, they have chosen to think differently about technology.

They took the time to consider how such technological advances could best serve their Hedgehog Concept.

Their Hedgehog Concept leads them to a complete change of perspective with regards to technological advancements. Rather than being the creator of momentum, for great companies, technology is an accelerator for momentum. The moment in which a good company pivots into being a great one is never accompanied by a focus on using the most up-to-date, pioneering technology. Technology is only adopted once a company can be sure it will support its aims. Consequently, Collins recommends asking the following questions before selecting a new piece of technology for their organization:

1. ***Does this piece of technology match the Hedgehog Concept?***

* If yes, then the company needs to become a pioneer in the application of this technology.

1. ***If not, then is it worthwhile using this technology at all?***

* If yes, then the company need not become the world leader in this piece of technology, parity is what you should aim for.
* If not, then the technology is irrelevant.

What separates the great from the good companies is that the good companies become reactionary to new technological advancements. They become terrified of being “left behind” and, therefore, do everything they can to alter their business operations to incorporate the latest pieces of technology, often leading them away from what would otherwise constitute their Hedgehog Concept.

A particularly resounding feature of Collins’ findings is that over the 2,000+ pages of interview transcripts with executives from their chosen great companies, the term “competitive strategy” is hardly mentioned at all. Instead, rather than worrying about what their competitors are doing and getting caught up in a redundant technological arms race, great companies compared themselves to an ideal of excellence. They are motivated by excellence for its own sake, not from a fear of being left behind.

## THE FLYWHEEL AND THE DOOM LOOP

For this good to great principle, Collins conjures up the image of an individual trying to move a considerable, 5,000-pound metal disc (a flywheel), which is mounted horizontally on an axle. At first, it seems impossible to push. After a bit of momentum is generated, it becomes easier to rotate, after many rotations, it flies forward with an almost unstoppable force. To ask which of the pushes the flywheel was given was the deciding push that gave it such speed is to miss the point; it was the accumulation of all of the efforts combined that got the wheel moving. This image is what a company looks like when it is making the transition from good to great.

From the outside, it often appeared as though these good-to-great companies miraculously made their ascent to greatness overnight, as if one deciding factor changed their fortunes forever. However, from the inside, the transformation was experienced as a much more organic, gradual, developmental process. Fascinatingly, many executives at these great companies stated that they were unaware that such a major transformation was afoot, even when their company was well on its way to greatness.

What separates the great companies from the good is, therefore, the understanding of a simple truth: Remarkable power is to be found in continual improvement and the delivery of results. Collins refers to this as the “flywheel effect,” which is defined by the following continually repeating processes:

1. Make forward steps that are consistent with the Hedgehog Concept.
2. Accumulate a set of visible results.
3. See the workforce become energized and excited by these results.
4. The flywheel builds momentum. Repeat from step one.

By continually feeding the flywheel through following the above steps, goals almost seem to set themselves. The comparison companies, on the other hand, often engaged in what Collins refers to as “the doom loop.” Rather than focusing on gradual, sustained results, the comparison companies would frequently search for a “miracle moment,” which would be the singular deciding factor in transforming the company from good to great.

By bypassing the incremental development phase, they would start pushing the flywheel in one direction only to stop and change course, throwing it into another direction as they looked for another “miracle moment,” therefore, failing to build any momentum at all.

Collins describes the steps of the doom loop as follows:

1. Set out in a new direction, looking for a “miracle moment” by way of a new program, leader, event, fad, or acquisition.
2. Fail to achieve any buildup and accrue no accumulated momentum.
3. Achieve some disheartening results.
4. React without actually understanding the reasons behind the results. Repeat from step one.

The biggest takeaway from the flywheel effect and the doom loop is that sustainable transformations follow a prolonged period of buildup before a lasting breakthrough can take place. There are no quick fixes, and just like the adage goes, good things come to those who wait (and who vigorously pursue their Hedgehog Concept!).

## FROM GOOD TO GREAT TO BUILT TO LAST

Before he wrote Good to Great, Collins spent six years researching and compiling his other bestselling book, Built to Last. This book dealt with the central question: What does it take to build an enduring company from the ground up? While it was universally acclaimed, Collins acknowledges that it failed to answer how to transform an already good company into a great one – this is why he decided to write Good to Great.

Consequently, Collins views Good to Great as a prequel to Built to Last; applying the findings from Good to Great can help to create a great startup or an established organization, and then the findings from Built to Last can make sure the company’s legacy endures. Where Good to Great lays the groundwork for getting the flywheel turning, Built to Last focuses on how to keep the wheel turning for many years to come. Collins briefly summarizes the key takeaways from Built to Last as follows:

1. Clock building, not time telling – Build a company that can endure through multiple product life cycles and leaders. By doing this, you ensure that a company is not built around a single charismatic individual or a static, singular product idea.
2. The genius of AND – When deciding between two extremes, see if you can incorporate both into your working processes. I.e., Instead of choosing between A or B, find a way to have both A AND B, thus, purpose AND profit, freedom AND responsibility, etc.
3. Core ideology – A great, lasting organization will have core values and a core purpose that goes beyond just making money as its means for informing decision making.
4. Preserve the core/stimulate progress – While making sure to persevere with the core values, also make room for change and innovation.

Ultimately, Collins believes that by following the findings of these two books, building a great company is no more difficult than building a good one. That is because a lot of the work that goes into creating a good company is wasted effort, an effort that could otherwise be better spent getting closer to aligning all organizational processes to adhere to a singular Hedgehog Concept.

From here, Collins extrapolates that when all the pieces begin to come together, and a company goes from good to great, this has a ripple-out effect in the lives of all those involved. It imbues their lives with a deep sense of meaning because they are engaged in a meaningful project aimed at an ideal of excellence in and of itself.