



THE ESSAYS OF WARREN BUFFETT LESSONS FOR CORPORATE AMERICA

Lawrence
Cunningham

"We had learned from Ben Graham that the key to successful investing was the purchase of shares in good businesses when market prices were at a large discount from underlying business values."

LOOK FOR GOOD BUSINESSES

"A HORSE THAT CAN COUNT TO TEN IS A REMARKABLE HORSE, NOT A REMARKABLE MATHEMATICIAN."



"OVER TIME, YOU WILL FIND ONLY A FEW COMPANIES THAT MEET THESE STANDARDS, SO WHEN YOU SEE ONE THAT QUALIFIES, YOU SHOULD BUY A MEANINGFUL AMOUNT OF STOCKS."

ECONOMIC ASPECTS

SIMPLE AND STABLE BUSINESS
"I would rather be certain of a good result than hopeful of a great one."

WITHIN THE CIRCLE OF COMPETENCE

"The size of that circle is not very important, knowing its boundaries, however, is vital."

DON'T DIVERSIFY

Simply add your money to your top choices, the businesses you understand best and that present the least risk, along with the greatest profit potential.

COMPETENT AND HONEST MANAGEMENT

"We've never succeeded in making a good deal with a bad person."

AWARE OF THE INSTITUTIONAL IMPERATIVE

1. Institution will resist any change
2. Projects and acquisitions to use available funds
3. Any business craving of the leader will be supported by his troops' studies
4. The behavior of peer companies will be mindlessly imitated

BEWARE OF M&As

Sometimes my horse walks just fine and sometimes he limps. No problem, when he's walking fine, sell him.

SENSIBLE PRICES

"Our goal is to find an outstanding business at a sensible price, not a mediocre business at a bargain price."

MR. MARKET ALWAYS COMES BACK

"Mr. Market is there to serve you. Not to guide you."

PATIENCE

"The stock market serves as a relocation center at which money is moved from the active to the patient."

AVOID LIMITING YOUR EARNINGS

Sell off portions of your most successful investments simply because they have come to dominate his portfolio is akin to suggesting that the Bulls trade Michael Jordan because he has become so important to the team.

VALUE GROWTH

"They are integrally linked since growth must be treated as a component of value."

COMMODITIES COMPANIES

"It's impossible to be a lot smarter than your dumbest competitor."

I P

"Selling shareholders are often motivated to unload only when they feel the market is overpaying."

CIGAR BUTTS

"Good jockeys will do well on good horses, but not on broken-down nags."

MACRO

"We will continue to ignore political and economic forecasts, which are an expensive distraction for many investors and businessmen."


SMILE WHEN YOU READ A HEADLINE THAT SAYS "INVESTORS LOSE AS MARKET FALLS." EDIT IN YOUR MIND TO "DISINVESTORS LOSE AS MARKET FALLS - BUT INVESTORS GAIN."

ANTIFRAGILE Things That Gain from Disorder

Nassim N. Taleb


There are complex and non-complex systems, we tend to think that most systems are non-complex (mechanical), when most of the time they are complex. This mistake creates fragile systems.

Complex Systems




In the complex world, the notion of "cause" itself is suspect; it is either nearly impossible to detect or not really defined

Black Swan




Highly improbable event with extreme impact

NON LINEARITY



The effects of events on complex systems are not constant. Compound effect.


Non Complex Systems



Needs continuous repair. Stressors cause material fatigue


"People with an engineering-oriented mind will tend to look at everything around as an engineering problem."

"The fragile wants tranquility, the antifragile grows from disorder, and the robust doesn't care too much."




FRAGILE

Fragile systems lose or break down in scenarios of volatility and uncertainty. They don't see that the world is a complex system.



ROBUST


Supports volatility. Doesn't care, but doesn't benefit.



ANTIFRAGILE

Antifragile systems get better with shock and stress. They love and benefit from randomness and uncertainty.


The Lucretius Problem



Believes that the highest mountain in the world is the highest mountain he has ever seen. Not Ready for Black Swans

"Do not mistake absence of evidence with evidence of absence. Don't be the turkey"


The Illusion of Stability



Believes that the advantage of steady employment is the lack of volatility (predictability), but a single event can drive all income to zero.

"The central illusion of life: that randomness is risky, that it is a bad thing."


Iatrogenics



Cause harm while trying to help. Eliminates natural stressors. Ex.: doctors, central banks

Shocks cause more impacts as the intensity increases (up to a certain point). Ex.: traffic gets much worse as the number of cars increases

Concave



Barbell Strategy



The middle doesn't matter. Protected against Negative Black Swans. Open to Positive Black Swans gains

"The antifragile can lose for a long time with impunity, so long as he happens to be right once."

Optionality



Having an option, not an obligation, allows you to benefit from the positive Black Swan without getting hurt. The fragile has no option.

Convex



For the Antifragile, shocks provide more benefits as their intensity increases (up to a point). Ex.: Bodybuilding

Fat Tony



Be more like Fat Tony:
- Never get on a plane if the pilot is not on board (Skin in the game)
- Make sure there is also a co-pilot (have redundancy)
In favor of just "making a buck" as opposed to being "proven right".

Stress Hormesis Trial and error



Shocks at small intensities make the system better. Ex.: Intermittent fasting, aviation, Start ups, vaccines


"Some parts need to be fragile to make the system antifragile."

Skin in the game



The worst problem of modernity lies in the malignant transfer of fragility and antifragility from one party to the other, with one getting the benefits, the other one getting the harm

TIME TEST



The best and true test of FRAGILITY. Things that have survived time tend to stay longer than new things.

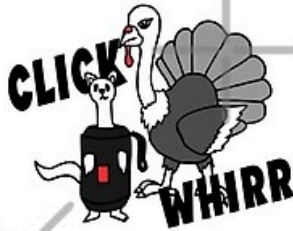
"Courage to accept to live in a world they knew they did not understand. And they enjoyed it"

"Anything that has more to gain than to lose from random events (or certain shocks) is ANTIFRAGILE; the reverse is FRAGILE"



INFLUENCE The Psychology of Persuasion

ROBERT B. CIALDINI, Ph.D.



Click -Whirr

The turkeys are good mothers and their entire behavior is triggered by the 'cheep-cheep' sound of her chicks. An experiment with a stuffed polecat (the turkey's natural enemy) showed that the turkey will treat the "fake" polecat like a chick if it sounds like a chick.

It sounds crazy, but we act the same way, without realizing it. We use behavioral "shortcuts" to save time, energy and mental capacity. But this leads us to make some wrong decisions.



PHOTOCOPIY QUEUE

Using the word "because" triggers a reaction even without a relevant reason.

"Can I cut in line in front of you to use the printer because I need to make some copies?"

RECIPROCATION

We tend to agree to do a greater favor than the one received just to alleviate the psychological burden of debt.



A researcher who gives a coke to the respondent can sell 2X more raffle tickets after the survey. None of the interviewees assumed that the reason was the coke.

Rejection-then-retreat



A seller tries to sell you a 3-year warranty, but waits for you to decline to sell a 1-year warranty (the initial goal).

COMMITMENT AND CONSISTENCY

We have a desire to be (and appear) consistent with what we have already done and what we have committed to.



Survey participants saying they would donate to a charity were 7X more likely to volunteer to ask for donations. Days after the survey.

Low ball technique



Dealership prices the car lower than the competitor and after you sign the purchase, they find an "error" and the price goes up. You who committed, buy anyway.

SOCIAL PROOF

We view a behavior as more correct in a given situation to the degree that we see others performing it.



The "canned" laughs of comedy shows make the audience laugh longer and more often, especially with bad jokes.

The power of people



After watching a video showing a shy child going to play with other children, children become much more sociable.

LIKING

In the purchase decision, the strength of the social bond is 2X greater than the preference of the product itself



Tupperware meetings where the hostess sells the pots and keeps a percentage of the sale. Friends and acquaintances feel obliged to buy something.

Luncheon technique



People become fonder of the people and things they experienced while eating. The good feeling of eating is attributed to the person or thing.

AUTHORITY

We have an extreme disposition to obey the command of an authority, going to the last consequences.



An experiment showed that volunteers continued to shock a victim, even against their will, just because the orders came from a teacher.

The power of hierarchy



Experiments show that physicians' decisions are rarely questioned by less experienced physicians and nurses, even when the decision is clearly inappropriate.

SCARCITY

Opportunities seem most valuable to us when they are less available.



A salesman says that the price is really good, but that he has just sold it to another customer. He is willing to check the stock. The chance of selling is much higher due to scarcity.

The pressure of competition



The used car salesman calls interested parties at the same time and makes the 2nd buyer wait while the 1st analyzes the vehicle. This creates pressure and adds value to the vehicle.

DEFENSE

Be aware that we will always use these mental "shortcuts" in our decision making. Knowing these "weapons of persuasion" turns on a warning light when we are in a similar situation. Always pay attention not to fall into these "traps".



When making critical decisions, stop, breathe and think rationally without being influenced by the factors presented.

THINK AND GROW RICH

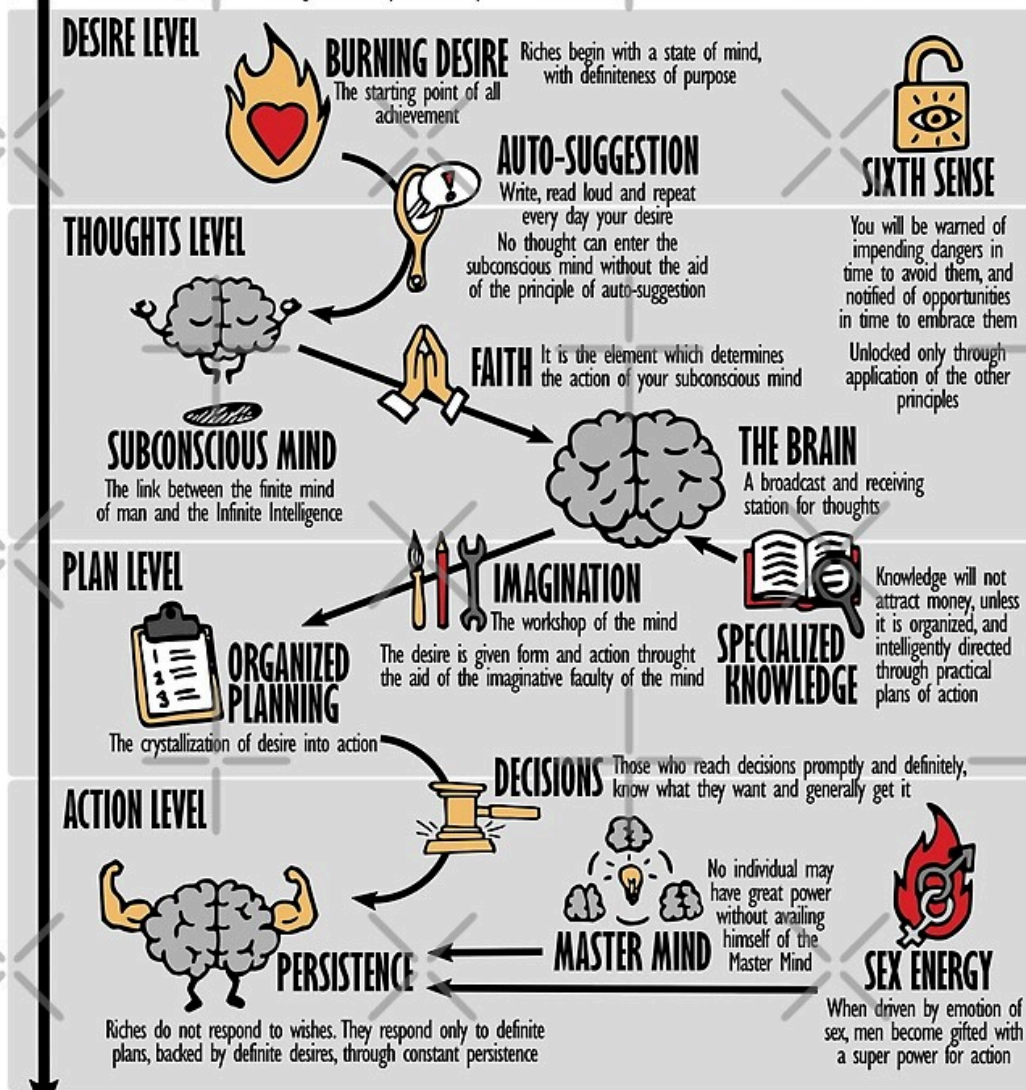
NAPOLEON HILL



INTANGIBLE IDEAS
3 PRINCIPLES
 to transform the intangible impulse, of desire, into tangible reality, of money

When a man really desires a thing so deeply that he is willing to stake his entire future on a single turn of the wheel in order to get it, he is sure to win.

"WE ARE THE MASTER OF OUR FATE, THE CAPTAIN OF OUR SOULS, BECAUSE WE HAVE THE POWER TO CONTROL OUR THOUGHTS."



TANGIBLE MONEY

SUCCESS REQUIRES NO APOLOGIES, FAILURE PERMITS NO ALIBIS.

LIFE IS CHECKERBOARD, AND THE PLAYER OPPOSITE YOU IS TIME. IF YOU HESITATE BEFORE MOVING, OR NEGLECT TO MOVE PROMPTLY, YOUR MEN WILL BE WIPED OFF THE BOARD BY TIME. YOU ARE PLAYING AGAINST A PARTNER WHO WILL NOT TOLERATE INDECISION!



THINKING FAST AND SLOW

DANIEL KAHNEMAN



SYSTEM 1

Fast and intuitive. It operates automatically and quickly, with little or no effort and no sense of voluntary control.

SYSTEM 2

Slow and lazy. Allocates attention to the effortful mental activities that demand it, including complex computations.

System 1 makes most of the decisions, it minimizes effort and optimizes mental performance, but for that it makes some mistakes and operates with bias in specific situations. Learn how to protect yourself.

HOW DOES SYSTEM 1 DECEIVE US?



EGO DEPLETION

If you have to force yourself to do something, you are less willing or able to exert self control when the next challenge comes around.



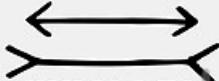
PRIMING EFFECT

System 1 makes associations. After reading words with an elderly theme, students walk more slowly.



COGNITIVE EASE

Being in a good mood and relaxed encourages the use of system 1. You like what you see, believe what you hear.



W.Y.S.I.A.T.I.

What You See Is All There Is

System 1 creates a coherent story with the available information, regardless of the quality of the information.



JUMP TO CONCLUSIONS

Recent events and current context have the most weight in determining interpretation.



ILLUSION OF CAUSALITY

System 1 is adept at finding a coherent causal story that links the fragments of knowledge at its disposal.

HOW DOES IT AFFECT OUR JUDGMENT?

Our mind is strongly biased toward causal explanations and does not deal well with mere statistics

LAW OF SMALL



Small samples yield extreme results more often than large samples do. System 1 constructs stories that are as coherent as possible. (WYSIATI)

ANCHORING EFFECT



People's judgements are influenced by an obviously uninformative number.

REGRESSION TO THE MEAN



System 1 looks for the causal relationship when in fact there is only random variation, a regression to the mean.

WHY ARE WE BLIND?

"We can be blind to the obvious, and we are blind to our blindness."

NARRATIVE FALLACY



How flawed stories of the past shape our views of the world and our expectations for the future.



HINDSIGHT BIAS

A general limitation of the human mind is its imperfect ability to reconstruct past states of knowledge, or beliefs that have changed.



PLANNING FALLACY

We tend to overestimate our plans and forecasts. Our estimates are closer to a best-case scenario than to a realistic one.

HOW DO OUR CHOICES DEVIATE FROM RATIONALITY?

ECONS are rational by definition, but there is overwhelming evidence that HUMANS cannot be.



LOSS AVERSION

The fear of losing \$100 is more intense than the hope of gaining \$150. Loss aversion ratio = 2 (on average).



ENDOWMENT EFFECT

Owning the good appeared to increase its value. Giving up a bottle of nice wine is more painful than getting an equally good bottle is pleasurable.



MENTAL ACCOUNTS

We hold our money in different mental accounts. There is a clear hierarchy in our willingness to draw on these accounts to cover current needs.



RARE EVENTS

Highly unlikely events are ignored or overweighted.

Recognize the signs that you are in a cognitive minefield, slow down, and ask for reinforcement from system 2



SAPIENS A BRIEF HISTORY OF HUMANKIND

Yuval Noah Harari

HOMO SAPIENS conquered the world. What was their secret of success?



TRIBES

A powerful tool was created that guides us to this day: **FICTION**

COGNITIVE REVOLUTION

70,000 years ago

Sapiens started interacting with up to 150 individuals, far beyond chimpanzees

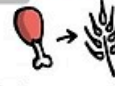


The ability to work together as a group

AGRICULTURAL REVOLUTION

12,000 years ago

It generated a lot more work and a worse grain-based diet (which lasts to this day)



FIXED PLACES

Wheat domesticated Sapiens, not the other way around



Fixed places and food create conditions to increase the population

SCIENTIFIC REVOLUTION

500 years ago

The search for Eternal Life



SCIENCE



Military purposes

Sapiens accepted their ignorance and began to solve fundamental problems: hunger, disease, war



Research funding created the basis of capitalism



AGE OF EMPIRES



IMAGINED ORDERS

Imagined and shared orders were created: Money, Religion, Laws



CITIES



Tools that enabled few people to control large groups (cities and empires)



CAPITALISM

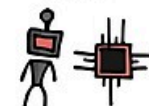
Credit multiplied the world's wealth. Confidence in the future generated the principles of the financial system

CREDIT

The collapse of the family and the local community and their replacement by the state and the market



Sapiens started intelligent design: Bioengineering and AI



NEW AGE

HAPPINESS

But are we happier than our ancestors? How all this influenced the happiness and suffering of individuals. This is the biggest lacuna in our understanding of history

INDUSTRIAL REVOLUTION

200 years ago

Sapiens learned to convert energy to its advantage, increasing productivity and generating more wealth



CONSUMERISM

In order to be happy we must consume as many products and services as possible



DEEP WORK

CAL
NEWPORT



DEEP WORK

Professional activities performed in a state of distraction-free concentration that push your cognitive capabilities to their limit. Create new values, improve your skills and are hard to replicate.

SHALLOW WORK



Noncognitively demanding, logistical style tasks, often performed while distracted. Tend to not create much new value and are easy to replicate.



THE DEEP WORK HYPOTHESIS

The ability to perform deep work is becoming increasingly rare and valuable in our economy. The few who cultivate the skill, will thrive.

RULES FOR FOCUSED SUCCESS IN A DISTRACTED WORLD

RULE #1 - WORK DEEPLY

How to integrate deep work into your schedule to help you reach the current limit of your concentration ability



DEPTH PHILOSOPHY

Find an approach that makes sense for you: Monastic, Bimodal, Rhythmic or Journalist



RITUALIZE

Rituals minimize the friction, allowing to go deep more easily and stay in the state longer.



DON'T WORK ALONE

Hub-and-Spoke: both serendipitous encounters and isolated deep thinking are supported. Working with a shared whiteboard push you deeper than working alone



EXECUTE LIKE A BUSINESS

The 4 Disciplines of Execution
1) Focus on the important
2) Act on lead measures
3) Keep a scoreboard
4) Create regular meetings



BE LAZY

Create a shutdown ritual. "When work, work hard. When you're done, be done."

RULE #2 - EMBRACE BOREDOM

How to improve your ability to concentrate intensively and overcome your desire for distraction



TAKE A BREAK

Schedule the occasional break from focus to give in to distraction.



PRODUCTIVE MEDITATION

Take a period in which you're occupied physically but not mentally and focus on a single well-defined professional problem.



MEMORIZE CARDS

"Attention control" the ability to maintain your focus on essential information. A good training is memorizing a deck of cards.

RULE #3 - QUIT SOCIAL MEDIA

How to identify the core factors that determine success and happiness. Adopt a tool only if its positive impacts substantially outweigh its negative impacts



LAW OF THE FEW

Identify your main goals. List 2 or 3 activities that help your goals. Ask if the tools have a substantially positive impact. Use 80/20 law.



QUIT SOCIAL MEDIA

Ban yourself from using them for 30 days. Don't mention it online. "Would the 30 days have been notably better if I had been able to use the social media?"



DON'T USE THE INTERNET TO ENTERTAIN YOU

Give your brain a quality alternative, like books

RULE #4 - DRAIN THE SHALLOW

How to identify the shallowness in your current schedule and cull it down to minimum levels



BLOCK TIME

Schedule every hour of your day. Decide in advance what you're going to do.



QUANTIFY THE DEPTH

Evaluate activities by asking: How long would it take to train a smart graduate to complete this task?



FINISH AT 5:30

A commitment to FIXED-SCHEDULE productivity shifts you into a scarcity mindset.



HARD TO REACH

Make people do more work to send you an email. Reply to "close the email loop". Don't respond.

"I WILL LIVE THE FOCUSED LIFE, BECAUSE IT IS THE BEST KIND THERE IS." - WINIFRED GALLAGHER

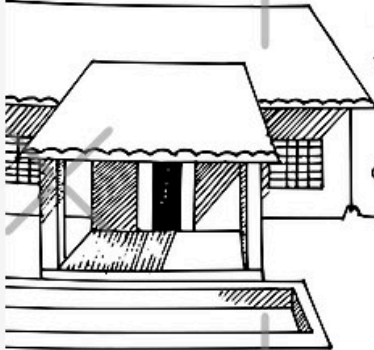
THE PSYCHOLOGY OF MONEY

TIMELESS LESSONS ON WEALTH, GREED AND HAPPINESS

MORGAN
HOUSEL

This one-page summary uses a metaphor from our daily lives to make it easier to memorize the main concepts of the book.

Think that your financial life is like preparing for a day at the pool.



YOU & ME

Don't compare your pool to your neighbor's

Understand your own game, create your own strategy. Your needs are different. Your pool is different.

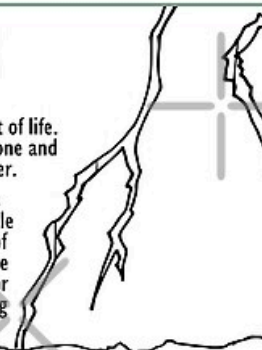
"Beware taking financial cues from people playing a different game than you are."

LUCK & RISK

Sometimes it rains.

Luck and misfortune are part of life. Don't get carried away with one and be prepared for the other.

"More important is that as much as we recognize the role of luck in success, the role of risk means we should forgive ourselves and leave room for understanding when judging failures."



CONFOUNDING COMPOUNDING



Sit on your sun lounger and relax.

The secret to investing is the power of compound interest. Be patient and enjoy the compound effect.

"The most powerful and important book should be called Shut Up And Wait. It's just one page with a long-term chart of economic growth."

NO ONE'S CRAZY



Each person has their own narrative and looks at the world through their own lens. A decision that feels wrong to you may feel right to someone else.

"Important financial decisions are not made in spreadsheets or in textbooks. They are made at the dinner table."

THE SEDUCTION OF PESSIMISM



Sometimes it's sunny. Beware of pessimism.

"Pessimists extrapolate present trends without accounting for how reliably markets adapt."

"Progress is too slow to be noticed, while setbacks happen too fast to ignore."

ROOM FOR ERROR

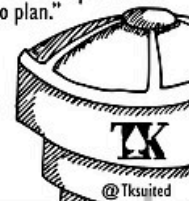
Always have an emergency reserve.

"The most important part of a plan is having a plan for when the plan is not going according to plan."

NEVER ENOUGH

Know the edge of your pool.

"Enough is realizing that an insatiable appetite for more will push you to the point of regret."



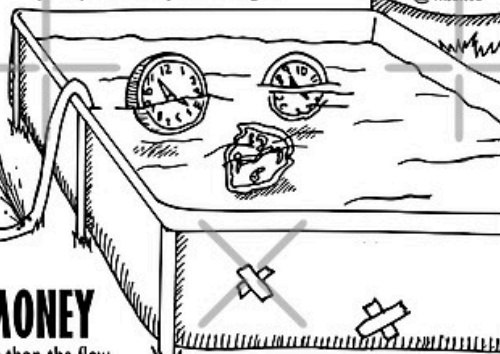
FREEDOM



The goal is not to have the pool full, it's to enjoy it.

The highest form of wealth is the ability to wake up every morning and say, "I can do whatever I want today."

"Controlling your time is the highest dividend money pays."



NOTHING IS FREE

"Everything has a price, but not all prices appear on labels."

"There's no guarantee that it will be. Sometimes it rains at Disneyland. But if you view the admission fee as a fine, you'll never enjoy the magic. Find the price, then pay it."



SAVE MONEY

More important than the flow of the faucet is how much is lost through holes in the hose.

"Building wealth has little to do with your income or investment returns, and lots to do with your savings rate."

"Past a certain level of income, what you need is just what sits below your ego."

GETTING WEALTHY VS. STAYING WEALTHY

If the hole in the pool is too big, game over.

"Good investing is not necessarily about making good decisions. It's about consistently not screwing up."



THE ALMANACK OF NAVAL RAVIKANT

Eric Jorgenson



SEEK WEALTH
NOT MONEY OR STATUS
Wealth is having ASSETS that earn while you sleep. Money is how we transfer time and wealth. Status is your place in the social hierarchy.

MAKING MONEY
IS NOT A THING YOU DO
IT'S A SKILL YOU LEARN

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

EARN WITH YOUR MIND
NOT YOUR TIME

THE MEANS OF LEARNING ARE ABUNDANT. IT'S THE DESIRE TO LEARN THAT IS SCARCE

READ WHAT YOU LOVE
UNTIL YOU LOVE TO READ

PRINCIPLES OF WEALTH

Getting rich is about knowing what to do, who to do it with, and when to do it. It is much more about understanding than purely hard work.

BUILD SPECIFIC KNOWLEDGE



It cannot be trained. It is found by pursuing your genuine curiosity and passion. It will feel like play to you but will look like work to others.

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



USE LEVERAGE

"You're never going to get rich by renting your time."

3 classes of leverage:

- Labor
- Money
- Products with no marginal cost of replication (books, media, code). They're permissionless.

BUILD JUDGMENT



Wisdom applied to external problems is judgment.

Stay on the bleeding edge of trends and study technology, design, and art. Become really good at something.

The really smart thinkers are clear thinkers. They understand the basics at a very fundamental level.



LEARN MENTAL MODELS

Mental models are really just compact ways for you to recall your own knowledge.

Evolution, inversion, complexity theory, economics, principal-agent theory, compound interest, basic math, black swan, calculus, falsifiability

BUILD ACCOUNTABILITY



Build a unique character, a unique brand, a unique mindset, which causes luck to find you.

Put your name on it and take the risks. Earn credibility, build your reputation. And people will pay for your judgment.



DO HARD THINGS BE PATIENT

"Impatience with actions, patience with results."

Go struggle! You have to do hard things to create your own meaning of life.

Everybody wants to get rich immediately, but the world is an efficient place, immediate doesn't work. You have to put in the time.

BE AUTHENTIC



Escape competition through authenticity.

"No one can compete with you on being you."

Figure out what you were doing as a kid or teenager almost effortlessly.

Something you didn't even consider a skill, but people around you noticed.

PLAY THE RIGHT GAMES



"Play stupid games, win stupid prizes."

Avoid Status Games. They make you into an angry, combative person. Always fighting to put other people down.



HAPPINESS

The state when nothing is missing, your mind shuts down and stops running into the past or future to regret something or to plan something. It's about the absence of desire, especially for external things.

HABITS

At the end of the day, you are a combination of your habits and the people who you spend the most time with.

Prioritize your health:

- Diet
- Exercises
- Cold exposure
- Meditation

"To have peace of mind, you have to have peace of body first."



FREEDOM



"The hardest thing is not doing what you want, it's knowing what you want."

Look for free yourself FROM...

- ... expectation
- ... anger
- ... sadness
- ... being forced to do things



RATIONAL BUDDHISM

Try everything, test it for yourself, be skeptical, keep what is useful and discard what is not.

"The older the question, the older the answers."

YOU ARE GOING TO DIE ONE DAY, AND NONE OF THIS IS GOING TO MATTER. SO ENJOY YOURSELF. DO SOMETHING POSITIVE. PROJECT SOME LOVE. MAKE SOMEONE HAPPY. LAUGH A LITTLE BIT. APPRECIATE THE MOMENT. AND DO YOUR WORK.

@TKsuited

TK ATOMIC HABITS James Clear

"Success is the product of daily habits - not once-in-a-lifetime transformations."



Outcomes
Processes
Identity

↑ Identity based habits instead of Outcome based habits

1% BETTER every day
37.78X
BETTER EVERY YEAR

FORGET ABOUT GOALS
FOCUS ON SYSTEMS

"Bad habits repeat themselves again and again not because you don't want to change, but because you have the wrong system to change."

HABITS ARE THE PATH TO
CHANGE YOUR IDENTITY

THE HABIT LOOP - THE FOUR LAWS OF BEHAVIOR CHANGE

CUE → **CRAVING** → **RESPONSE** → **REWARD**

MAKE IT OBVIOUS

MAKE A LIST OF YOUR DAILY HABITS



"One of the greatest challenges in changing habits is maintaining awareness of what we are actually doing."

HABIT STACKING

Identify a habit that already exists and stack the new habit on top

"After _____, I will _____."

ENVIRONMENT DESIGN

Habits can be created more easily in new environments

If you want to learn to play the guitar, leave it in the middle of the room, not in the closet.



"One space, one use."

MAKE IT ATTRACTIVE

TEMPTATION BUNDLING

Create attractive behaviors while doing something you really enjoy. Run → Netflix

"Habits are attractive when we associate them with positive feelings."

WE IMITATE

- 1) THE CLOSE
- 2) THE MANY
- 3) THE POWERFUL

Join a culture where the desired behavior is the normal behavior, and you already have something in common with the group

"The shared identity begins to reinforce your personal identity."

MOTIVATION RITUAL



Create rituals to start the day and to prepare you for a specific situation.

"Whenever you want to get in the mood, you press PLAY."

MAKE IT EASY

REPETITION NOT PERFECTION

With repetition you perform a behavior unconsciously, effortlessly.

"Habits are formed by frequency, not time."

REDUCE FRICTION

Prime the environment for future use so there is no friction.

"A new habit should not feel like a challenge."

THE 2-MINUTE RULE

"When you start a habit, it should take less than 2 minutes to do."

AUTOMATE

Whenever you can, automate good habits and automatically eliminate bad habits.

Ask someone to reset your social media password on Monday and deliver the new password on Friday.

MAKE IT SATISFYING

IMMEDIATE SATISFACTION

Add a little bit of immediate pleasure to habits that pay off in the long run.

"What is rewarded is repeated. What is punished is avoided."

PERSONAL LOYALTY PROGRAM



Make the avoidance visible. Whenever you pass on a purchase, put the same amount of money in the account.

HABIT TRACKER

Measure your progress. Whenever possible, automatically.

WARNING

GOODHART'S LAW:
"When a measure becomes a target, it ceases to be a good measure."

HOW TO BREAK A BAD HABIT

REDUCE EXPOSURE

TO THE CUE THAT CAUSES A BAD HABIT

MAKE IT INVISIBLE

REFRAME MINDSET

HIGHLIGHT THE BENEFITS OF AVOIDING YOUR BAD HABIT

MAKE IT UNATTRACTIVE

INCREASE FRICTION

INCREASE THE NUMBER OF STEPS BETWEEN YOU AND YOUR BAD HABITS

MAKE IT DIFFICULT

CREATE A CONTRACT

MAKE THE COSTS OF YOUR BAD HABITS PUBLIC AND PAINFUL

MAKE IT UNSATISFYING

THIS IS A CONTINUOUS PROCESS. THERE IS NO FINISH LINE. SMALL HABITS DON'T ADD UP, THEY COMPOUND.
MAKE HABITS ENJOYABLE. FALL IN LOVE WITH BOREDOM.