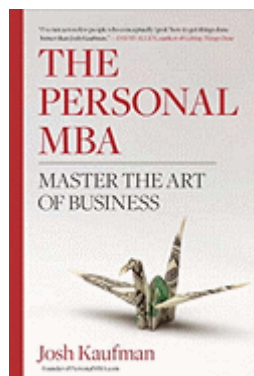


## Derek Sivers

Entrepreneur, programmer, avid student of life. I make useful things, and share what I learn.



## The Personal MBA - by Josh Kaufman

ISBN: 1591843529

READ: 2011-02-16

RATING: 10/10

Go to [Amazon](#)

Wow. A masterpiece. This is now the one “START HERE” book I’ll be recommending to everybody interested in business. An amazing overview of everything you need to know. Covers all the basics, minus buzz-words and fluff. Look at my notes for an example, but read the whole book. One of the most inspiring things I’ve read in years. Want proof? I asked the author to be my coach/mentor afterwards. It’s that good.

### my notes

The man who grasps principles can successfully select his own methods. The man who tries methods, ignoring principles, is sure to have trouble.

It is important that students bring a certain ragamuffin, barefoot irreverence to their studies; they are not here to worship what is known, but to question it.

Hang a question mark on the things you have long taken for granted.

ROUGHLY DEFINED, A BUSINESS IS A REPEATABLE PROCESS THAT:

- (1) creates or provides something of value that
- (2) other people want or need
- (3) at a price they’re willing to pay, in a way that
- (4) satisfies the purchaser’s needs and expectations and
- (5) provides the business sufficient revenue to make it worthwhile for the owners to continue operation.

A business is a repeatable process that makes money. Everything else is a hobby.

Make someone else's life a little bit better.

Without value creation, a business can't exist - you can't transact with others unless you have something valuable to trade.

The best businesses in the world are the ones that create the most value for other people.

Some businesses thrive by providing a little value to many, and others focus on providing a lot of value to only a few people.

A venture that doesn't create value for others is a hobby.

A venture that doesn't attract attention is a flop.

A venture that doesn't sell the value it creates is a nonprofit.

A venture that doesn't deliver what it promises is a scam.

A venture that doesn't bring in enough money to keep operating will inevitably close.

### 1. Value Creation

Discovering what people need or want, then creating it

### 2. Marketing

Attracting attention and building demand for what you've created

### 3. Sales

Turning prospective customers into paying customers

### 4. Value Delivery

Giving your customers what you've promised and ensuring that they're satisfied

### 5. Finance

Bringing in enough money to keep going and make your effort worthwhile

If these five things sound simple, it's because they are. Business is not (and has never been) rocket science - it's simply a process of identifying a problem and finding a way to solve it that benefits both parties. Anyone who tries to make business sound more complicated than this is either trying to impress you or trying to sell you something you don't need.

Don't expect skills that aren't related to the Five Parts of Every Business to be economically rewarded. Find a way to use them to create Economic Value, and you'll inevitably find a way to get paid. Any skill or knowledge that helps you create value, market, sell, deliver value, or manage finances is Economically Valuable.

Market research is the business equivalent of "look before you leap."

All successful businesses sell some combination of money, status, power, love, knowledge, protection, pleasure, and excitement. The more clearly you articulate how your product satisfies one or more of these drives, the more attractive your offer will become.

RATE EACH OF THE TEN FACTORS BELOW ON A SCALE OF 0 TO 10

1. Urgency - How badly do people want or need this right now?

2. Market Size - How many people are actively purchasing things like this?

3. Pricing Potential - What is the highest price a typical purchaser would be willing to spend
4. Cost of Customer Acquisition - How easy is it to acquire a new customer?
5. Cost of Value Delivery - How much would it cost to create and deliver the value offered, both in money and effort?
6. Uniqueness of Offer - How unique is your offer versus competing offerings in the market, and how easy is it for potential competitors to copy you?
7. Speed to Market - How quickly can you create something to sell?
8. Up-Front Investment - How much will you have to invest before you're ready to sell?
9. Upsell Potential - Are there related secondary offers that you could also present to purchasing customers?
10. Evergreen Potential - Once the initial offer has been created, how much additional work will you have to put into it in order to continue selling?

If there are several successful businesses serving a market, you don't have to worry so much about investing in a dead end, since you already know that people are buying.

Building or finishing anything is mostly a matter of starting over and over again; don't ignore what pulls you. The trick is to find an attractive market that interests you enough to keep you improving your offering every single day.

Some ideas don't have enough of a market behind them to support a business, and that's perfectly okay. That doesn't mean you should ignore them: side projects can help you expand your knowledge, improve your skills, and experiment with new methods and techniques.

## TWELVE STANDARD FORMS OF VALUE

### 1. Product

Create a single tangible item or entity, then sell and deliver it for more than what it cost to make.

### 2. Service

Provide help or assistance, then charge a fee for the benefits rendered.

### 3. Shared Resource

Create a durable asset that can be used by many people, then charge for access.

### 4. Subscription

Offer a benefit on an ongoing basis, and charge a recurring fee.

### 5. Resale

Acquire an asset from a wholesaler, then sell that asset to a retail buyer at a higher price.

### 6. Lease

Acquire an asset, then allow another person to use that asset for a predefined amount of time in exchange for a fee.

### 7. Agency

Market and sell an asset or service you don't own on behalf of a third party, then collect a percentage of the transaction price as a fee.

### 8. Audience Aggregation

Get the attention of a group of people with certain characteristics, then sell access in the form of advertising to another business looking to reach that audience.

### 9. Loan

Lend a certain amount of money, then collect payments over a predefined period of time equal to the original loan plus a predefined interest rate.

### 10. Option

Offer the ability to take a predefined action for a fixed period of time in exchange for a fee.

### 11. Insurance

Take on the risk of some specific bad thing happening to the policy holder in exchange for a predefined series of payments, then pay out claims only when the bad thing actually happens.

### 12. Capital

Purchase an ownership stake in a business, then collect a corresponding portion of the profit as a one-time payout or ongoing dividend.

### TO CREATE A SUCCESSFUL SERVICE, YOUR BUSINESS MUST:

1. Have employees capable of a skill or ability other people require but can't, won't, or don't want to use themselves.
2. Ensure that the Service is provided with consistently high quality.
3. Attract and retain paying customers.

### TO CREATE A SUCCESSFUL SHARED RESOURCE, YOU MUST:

1. Create an asset people want to have access to.
2. Serve as many users as you can without affecting the quality of each user's experience.
3. Charge enough to maintain and improve the Shared Resource over time.

The tricky part about offering a Shared Resource is carefully monitoring usage levels.

Finding the sweet spot between too few members and too many is the key to making a Shared Resource work.

### TO RUN A PRODUCT-ORIENTED BUSINESS, YOU MUST:

1. Create some sort of tangible item that people want.
2. Produce that item as inexpensively as possible while maintaining an acceptable level of quality.
3. Sell as many units as possible for as high a price as the market will bear.
4. Keep enough inventory of finished product available to fulfill orders as they come in.

### TO CREATE A SUCCESSFUL SUBSCRIPTION, YOU MUST:

1. Provide significant value to each subscriber on a regular basis.
2. Build a subscriber base and continually attract new subscribers to compensate for attrition.
3. Bill customers on a recurring basis.
4. Retain each subscriber as long as possible.

The key to Subscription offers is doing everything you can to keep customer attrition as low as possible.

#### TO PROVIDE VALUE AS A RESELLER, YOU MUST:

1. Purchase a product as inexpensively as possible, usually in bulk.
2. Keep the product in good condition until sale - damaged goods can't be sold.
3. Find potential purchasers of the product as quickly as possible to keep inventory costs low.
4. Sell the product for as high a markup as possible, preferably a multiple of the purchase price.

Resellers are valuable because they help wholesalers sell products without having to find individual purchasers.

As long as an asset is durable enough to survive rental to another person and return ready for reuse, you can Lease it.

#### IN ORDER TO PROVIDE VALUE VIA A LEASE, YOU MUST:

1. Acquire an asset people want to use.
2. Lease the asset to a paying customer on favorable terms.
3. Protect yourself from unexpected or adverse events, including the loss or damage of the leased asset.

#### TO PROVIDE VALUE VIA AGENCY, YOU MUST:

1. Find a seller who has a valuable asset.
2. Establish contact and trust with potential buyers of that asset.
3. Negotiate until an agreement is reached on the terms of sale.
4. Collect the agreed-upon fee or commission from the seller.

“So long as there's a jingle in your head, television isn't free.” - Jason Love, marketing executive

#### TO PROVIDE VALUE VIA AUDIENCE AGGREGATION, YOU MUST:

1. Identify a group of people with common characteristics or interests.
2. Create and maintain some way of consistently attracting that group's attention.
3. Find third parties who are interested in buying the attention of that audience.
4. Sell access to that audience without alienating the audience itself.

#### TO PROVIDE VALUE VIA LOANS, YOU MUST:

1. Have some amount of money to lend.
2. Find people who want to borrow that money.
3. Set an interest rate that compensates you adequately for the Loan.
4. Estimate and protect against the possibility that the Loan won't be repaid.

#### TO PROVIDE VALUE VIA OPTIONS, YOU MUST:

1. Identify some action people might want to take in the future.
2. Offer potential buyers the right to take that action before a specified deadline.
3. Convince potential buyers that the Option is worth the asking price.
4. Enforce the specified deadline on taking action.

Concert tickets, coupons, retainers, and licensing rights are all examples of Options.

In exchange for a fee, the purchaser has the right to take some specific action - attend the show, purchase an asset, or buy a financial security at a particular price - before the deadline.

Options are valuable because they allow the purchaser the ability to take a specific action without requiring them to take that action.

Options are often used to keep specific courses of action open for a certain period of time before another transaction takes place.

Options are often an overlooked form of value - flexibility is one of the Three Universal Currencies. Find a way to give people more flexibility, and you may discover a viable business model.

#### TO PROVIDE VALUE VIA INSURANCE, YOU MUST:

1. Create a binding legal agreement that transfers the risk of a specific bad thing (a “loss”) happening from the policy holder to you.
2. Estimate the risk of that bad thing actually happening, using available data.
3. Collect the agreed-upon series of payments (called “premiums”) over time.
4. Pay out legitimate claims upon the policy.

“Capital is that part of wealth which is devoted to obtaining further wealth.” - Alfred Marshall, economist and author of principles of economics

#### TO PROVIDE VALUE VIA CAPITAL, YOU MUST:

1. Have a pool of resources available to invest.
2. Find a promising business in which you’d be willing to invest.
3. Estimate how much that business is currently worth, how much it may be worth in the future, and the probability that the business will go under, which would result in the loss of your Capital.
4. Negotiate the amount of ownership you’d receive in exchange for the amount of Capital you’re investing.

A homeowner may be willing to pay a maximum one-time fee of \$50 for a pool cleaning kit, but they’d be willing to pay \$250 a month to have someone clean their pool every week for them. The pool gets cleaned either way, but the weekly cleaning service has a higher perceived value because the pool owner doesn’t have to spend any time or effort to get the same desired result.

#### COMBINATIONS:

Travel Web sites like Orbitz sell Products (airplane tickets) alongside trip-cancellation Insurance, and display advertising (Audience Aggregation) to Web site visitors.

Movie theaters combine movie showings (a Shared Resource ) with tickets (an Option) and concession sales (Products).

In most companies, each of these offers is handled separately, and the customer can pick and choose which offers they want to take advantage of.

By making offers Modular, the business can create and improve each offer in isolation, then mix and match offers as necessary to better serve their customers.

#### ITERATION HAS SIX MAJOR STEPS:

1. Watch - What’s happening? What’s working and what’s not?
2. Ideate - What could you improve? What are your options?
3. Guess - Based on what you’ve learned so far, which of your ideas do you think will make the biggest impact?
4. Which? - Decide which change to make.
5. Act - Actually make the change.

6. Measure - What happened? Was the change positive or negative? Should you keep the change, or go back to how things were before this iteration?

Define what you're trying to accomplish with each iteration.

When creating a new offering, your primary goal should be to work your way through each Iteration Cycle as quickly as possible. Iteration is a structured form of learning that helps you make your offering better; the faster you learn, the more quickly you'll be able to improve.

“No business plan survives first contact with customers.” - Steve Blank

Getting useful Feedback from your potential customers is the core of the Iteration Cycle.

Ask open-ended questions.

Encourage the other person to do most of the talking. Short who/what/when/where/why/how questions typically work best. Watch what they do.

Give potential customers the opportunity to preorder.

A successful business is either loved or needed.

By paying attention to the Patterns behind what your best customers value, you'll be able to focus on improving your offering for most of your best potential customers most of the time.

Two primary characteristics: convenience and fidelity.

Things that are quick, reliable, easy, and flexible are convenient.

Things that offer quality, status, aesthetic appeal, or emotional impact are high-fidelity.

Almost every improvement you make to an offer can be thought of in terms of improving either convenience or fidelity.

It's incredibly difficult to optimize for both fidelity and convenience at the same time, so the most successful offerings try to provide the most convenience or fidelity among all competing offerings.

## RELATIVE IMPORTANCE TEST

The participant is shown a bunch of traits, and asked the following questions:

1. Which of these items is most important?
2. Which of these items is least important?

Once the participant answers the questions, another set is shown:

- E. Unique entrées I can't get anywhere else
- F. Knowing I can always order my favorite dishes
- G. People are impressed that I dine here
- H. Large portions.

Random question sets containing four or five criteria are provided until there are no more possible combinations or the participant's attention wanders, which will typically occur around the five- to ten-minute mark.

By asking the participant to make an actual choice, you're collecting more accurate information about how the participant would respond when faced with a similar choice in the real world.

Critically Important Assumptions (CIAs) are facts or characteristics that must be true in the real world for your business or offering to be successful. Every new business or offering has a set of CIAs, and if any CIA turns out to be false, the business idea will be vastly less promising than it appears.

The same day they announced the Fitbit idea to the world, they started allowing customers to preorder a Fitbit on their Web site, based on little more than a description of what the device would do and a few renderings of what the product would look like. The billing system collected names, addresses, and verified credit card numbers, but no charges were actually processed until the product was ready to ship, which gave the company an out in case their plans fell through. Orders started rolling in, and one month later, investors had the confidence to pony up \$2 million dollars to make the Fitbit a reality. A year later, the first real Fitbit was shipped to customers.

If you're not embarrassed by the first version of your product, you've launched too late.

Pick three key attributes or features, get those things very, very right, and then forget about everything else. By focusing on only a few core features in the first version, you are forced to find the true essence and value of the product.

Incremental Augmentation is the process of using the Iteration Cycle to add new benefits to an existing offer. The process is simple: keep making and testing additions to the core offer, continue doing what works, and stop doing what doesn't.

Spending time and energy acting like a socialite reduces the amount of resources you can devote to creating real value for your customers.

Advertising is the tax you pay for being unremarkable.

People don't buy quarter-inch drills; they buy quarter-inch holes.

The product that will not sell without advertising will not sell profitably with advertising.

If you're the type of person Progressive wants as a customer, they'll quote you a price and encourage you to purchase an insurance policy immediately. If you're not, Progressive will tell you that you can get a better price elsewhere and actively encourage you to purchase insurance from one of their competitors.

Screening your customers can help you filter out the bad customers before they do business with you. The more clearly you define your ideal customer, the better you can screen out the prospects who don't fit that description, and the more you'll be able to focus on serving your best customers well.

Your job as a marketer isn't to convince people to want what you're offering: it's to help your prospects convince themselves that what you're offering will help them get what they really want.

Everything we hear is an opinion, not a fact. Everything we see is a perspective, not the truth. - Mwrucus Aurelius

A good story will make even the best offer even better.

The Hero's Journey begins by introducing the Hero: a normal person who is experiencing the trials and tribulations of everyday life. The Hero then receives a "call to adventure": a challenge, quest, or



responsibility that requires them to rise above their normal existence and hone their skills and abilities in order to prevail. When the Hero accepts the call, they depart their normal experience and enter into a world of uncertainty and adventure. A series of remarkable experiences initiates them into the new world, and the Hero undergoes many trials and learns many secrets in the pursuit of ultimate success. After persevering in the face of adversity and vanquishing the foe, the Hero receives a mighty gift or power, then returns to the normal world to share this knowledge, wisdom, or treasure with the people. In return, the Hero receives the respect and admiration of all.

Your customers want to be Heroes.

Telling a story about people who have already walked the path your prospects are considering is a powerful way to make them interested in proceeding. Testimonials, case studies, and other stories are extremely effective in encouraging your prospects to accept your “call to adventure.”

“If you want an audience, start a fight.” - Irish proverb

Controversy provokes a discussion. Discussion is Attention.

Controversy with a purpose is valuable; Controversy for the sake of Controversy, or Controversy that belittles and demeans, is not.

The market’s perception becomes your reality.

The best businesses in the world earn the trust of their prospects and help them understand why the offer is worth paying for. No one wants to make a bad decision or be taken advantage of, so sales mostly consists of helping the prospect understand what’s important and convincing them you’re capable of actually delivering on what you promise.

“There is only one boss: the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.” - Sam Walton

Make your first profitable Transaction as quickly as you possibly can, because that’s the point where you transition from being a project to being a business.

Compromise is the art of dividing a cake in such a way that everyone believes he has the biggest piece.

If you expect people to pay you perfectly good money to buy what you’re offering, you must be able to provide a Reason Why the offered price is worth paying.

There are four ways to support a price on something of value:

- (1) replacement cost
- (2) market comparison
- (3) discounted cash flow/net present value
- (4) value comparison.

These Four Pricing Methods will help you estimate just how much something is potentially worth to your customers.

The Replacement Cost method supports a price by answering the question “How much would it cost to replace?”

The Market Comparison method supports a price by answering the question “How much are other things like

this selling for?”

The Discounted Cash Flow (DCF) / Net Present Value (NPV) method supports a price by answering the question “How much is it worth if it can bring in money over time?”

You can use the DCF/NPV formulas to calculate what that series of payments over a certain period of time would be worth if you received it in one lump sum. Find the formulas at [http://en.wikipedia.org/wiki/Discounted\\_cash\\_flow](http://en.wikipedia.org/wiki/Discounted_cash_flow)

DCF/NPV is only used for pricing things that can produce an ongoing cash flow, which makes it a very common way to price businesses when they're sold or acquired - the more profit the business generates each month, the more valuable the business is to the purchaser.

The Value Comparison method supports a price by answering the question “Who is this particularly valuable to?”

By looking at the unique characteristics of what you're offering and the corresponding worth of those characteristics to certain individuals, you can often support much higher prices.

Value Comparison is typically the optimal way to price your offer, since the value of an offer to a specific group can be quite high, resulting in a much better price. Use the other methods as a baseline, but focus on discovering how much your offer is worth to the party you hope to sell it to, then set your price appropriately.

Imagine that you provide an ongoing service to a Fortune 50 corporation that increases their annual revenues by \$100 million. Is your service worth \$10 million a year? Sure - after all, what company would give up \$90 million in ongoing revenue? Does it matter if providing this valuable service doesn't cost you much money? Absolutely not - even if it only costs you a hundred dollars a year to provide the service, you're providing a huge amount of value, which supports the comparatively high price. Does it matter if most business-to-business services cost \$10,000 or less? Absolutely not - you're providing much more value than other services in the market, which completely justifies a higher price.

Value-Based Selling is the process of understanding and reinforcing the Reasons Why your offer is valuable to the purchaser.

By understanding and reinforcing the Reason Why a Transaction will be valuable to the customer, you simultaneously increase the likelihood of a Transaction as well as the price the buyer will be willing to pay.

Value-Based Selling is not about talking - it's about listening.

In the classic sales book SPIN Selling, Neil Rackham describes the four phases of successful selling:

- (1) understanding the situation
- (2) defining the problem
- (3) clarifying the short-term and long-term implications of that problem
- (4) quantifying the need-payoff, or the financial and emotional benefits the customer would experience after the resolution of their problem.

Instead of barging in with a premature, boilerplate hard sell, successful salespeople focus on asking detailed questions to get to the root of what the prospect really wants.

“Upgrade your user, not your product. Value is less about the stuff and more about the stuff the stuff enables. Don't build better cameras - build better photographers.” - Kathy Sierra

The other party always has a Next Best Alternative as well - that's what you're negotiating against. If you're selling a product that costs \$100, you are selling against the next best thing that they could do with that \$100: saving, investing, or purchasing something else.

Understanding the other party's Next Best Alternative gives you a major sales advantage: you can structure your agreement so it's more attractive than their next best option.

In every negotiation, there are Three Universal Currencies: resources, time, and flexibility. Any one of these currencies can be traded for more or less of the others.

Reciprocation makes it more likely that the buyer will "pay back" the favor with a much larger concession. The more legitimate value you can provide to others up front, the more receptive they'll be when it's time for your pitch.

Your prospects know you're not perfect, so don't pretend to be. People actually get suspicious when something appears to be "too good to be true." If an offer appears abnormally good, your prospects will start asking themselves, "What's the catch?" Instead of making them wonder, tell them yourself.

Offer a very strong Risk-Reversing guarantee and to extend the risk-free period as much as possible.

If you cancel a Netflix subscription, three to six months later you'll receive a postcard or e-mail from Netflix with an offer to resubscribe at a reduced rate. If you don't reply, they'll send another message every few months until you resubscribe or request to be removed completely.

Reactivation campaigns are consistently the easiest and most profitable marketing activities you'll ever try.

Value Stream is the set of all steps and all processes from the start of your Value Creation process all the way through the delivery of the end result to your customer.

Toyota Production System (TPS) was the first large-scale manufacturing operation to systematically examine its entire Value Stream on a regular basis. Analyzing the production system in great detail paved the way for an ongoing series of small, incremental improvements: Toyota engineers make over 1 million improvements to the TPS each year.

The best way to understand your Value Stream is to diagram it. Tracing the steps or transformations your offer goes through from the beginning to the end is an extremely enlightening process.

Make your Value Stream as small and efficient as possible.

The Expectation Effect:  $\text{Quality} = \text{Performance} - \text{Expectations}$ .

When you order from Zappos, it's very likely that you'll receive a pleasant surprise: your shoes will arrive the next day, several days ahead of schedule. Zappos could easily advertise "free expedited shipping," but they don't - the surprise is far more valuable.

The performance of the offering must surpass the customer's expectations in order for them to be satisfied.

How did two young guys break into a competitive market against contractors who have been in business longer than they've been alive? Simple: when you hire Aaron and Pat, you can be absolutely certain the job will be done right and on time. Contractors are notoriously unpredictable: they often show up late, take too

long, do sloppy work, and have bad attitudes. The secret of Aaron and Pat's success is Predictability - they do great work every single time, deliver on schedule, and they're always pleasant to work with. As a result, they're booked solid.

Violating the expectations of loyal customers is not the way to success - if you're offering something completely different, present it as something new.

The best way to begin increasing Throughput is to start measuring it. How long does it take for your business system to produce a dollar of profit? How long does it take to produce another unit to sell, or a new happy customer?

There's an upper limit on what any single business system can produce. By creating more identical business systems based on a proven model, Multiplication can expand a business's ability to deliver value to more customers. That's the major benefit of franchising: instead of reinventing a business model, opening a franchise helps Multiply a model that already works. The easier it is to Multiply your business system, the more value you can ultimately deliver.

The less human involvement required to create and deliver value, the more Scalable the business.

“Don't compete with rivals - make them irrelevant.” - W. Chan Kim, Blue Ocean Strategy

The only good use of debt or outside capital in setting up a system is to give you access to Force Multipliers you would not be able to access any other way.

Always choose the best tools that you can obtain and afford. Quality tools give you maximum output with a minimum of input. By investing in Force Multipliers, you free up your time, energy, and attention to focus on building your business instead of simply operating it.

“If you can't describe what you are doing as a process, you don't know what you're doing.” - W. Edwards Deming

Most people resist creating business systems because it feels like extra work. We're all busy, and it's easy to feel like you don't have time to create and improve systems because there's already too much work to do.

Finance is the art and science of watching the money flowing into and out of a business, then deciding how to allocate it and determining whether or not what you're doing is producing the results you want. It's really not any more complicated than that. Yes, there can be fancy models and jargon, but ultimately you're simply using numbers to decide whether or not your business is operating the way you intended, and whether or not the results are enough.

When a business tries to maximize revenue by “nickel-and-diming” their customers or trying to capture too much value, customers flee.

There are only four ways to increase your business's revenue:

- ▶ Increase the number of customers you serve.
- ▶ Increase the average size of each Transaction by selling more.
- ▶ Increase the frequency of transactions per customer.
- ▶ Raise your prices.

Always focus the majority of your efforts on serving your ideal customers. Your ideal customers buy early, buy often, spend the most, spread the word, and are willing to pay a premium for the value you provide.

The moment you make a mistake in pricing, you're eating into your reputation or your profits.

The purpose of a customer isn't to get a sale. The purpose of a sale is to get a customer.

All truth is found in the cash account.

The Time Value of Money can help you figure out the maximum you should be willing to pay for a business that earns \$200,000 in profit each year. Assuming an interest rate of 5 percent, no growth, and a foreseeable future of ten years, the "present value" of that series of future cash flows is \$1,544,347. If you pay less than that amount, you'll come out ahead.

Improve by 1% a day, and in just 70 days, you're twice as good.

Bonds are debt sold to individual lenders. Instead of asking a bank for a loan directly, the business asks individuals or other companies to loan them money directly. Bond purchasers give money directly to the business, which is paid back at an agreed-upon rate for a certain amount of time. When the time expires (i.e., the Bond "matures"), the company must give back the original loan amount in addition to the payments already made.

Receivables Financing can make millions of dollars in credit available, but at a cost: the collateral for the loan is control over the business's receivables. Since the bank controls the receivables, they can ensure their loan is paid before anything else, including employee salaries and vendor commitments.

If you're grasping for the brass ring - becoming obscenely wealthy by building a massive public company - you'll probably need financing. If your intent is to be self-sufficient and free to make your own decisions, it's much better to avoid financing in favor of retaining control.

Bootstrapping is the art of building and operating a business without Funding.

Forebrain: This small sheet of neural matter is responsible for the cognitive capabilities that make us distinctly human: self-awareness, logic, deliberation, Inhibition, and Decision. Developmentally speaking, the forebrain is very new, and likely evolved to help us handle ambiguity. Most of the time, our midbrain and hindbrain run the show - we're operating on instinct and autopilot. That changes, however, when we face something unexpected or unfamiliar, which confounds the midbrain's ability to predict what will happen next. That's when the forebrain kicks into gear, gathering data and considering options. After some deliberation and analysis, the forebrain decides what to do based on what appears to be best at the time. Once a Decision is made, the midbrain and hindbrain assume normal operation and carry out the decision.

One of the best things you can do to get more done is to dissociate yourself from the voice in your head.

Meditation is a simple practice that can help you separate "you" from the voice in your head. There's nothing mystical or magical about meditation - you simply breathe and watch what your "monkey mind" does without associating yourself with it. After a while, the voice becomes quieter, improving your ability to keep yourself on the course you choose.

Action comes about if and only if we find a discrepancy between what we are experiencing and what we want to experience.

Whenever an individual or a business decides that success has been attained, progress stops.

Researchers have studied marathoners and ultramarathoners (people who regularly run fifty to one hundred miles at a stretch) to learn more about how the body responds to pain. Here's what they've found: when you're so tired that it feels like you're about to kick the bucket any second, physiologically, you're not even remotely close to actually dying. The signals your brain is sending to your body are a ruse that serves as a warning, prompting you to keep some energy in reserve, just in case energy is needed later.

If you think your weight, health, and physique are just fine, you probably won't change your diet or start exercising spontaneously. If you're comfortable with your social circle and confidence, you probably won't do much to improve your social skills or expand your circle of acquaintances. If you think you're making enough money, you probably won't do much to earn more.

Good books, magazines, blogs, documentaries, and even competitors are valuable if they violate your expectations about what's possible.

When you discover that other people are actually doing something you previously considered unrealistic or impossible, it changes your Reference Levels in a very useful way. All you need to know is that something you want is possible, and you'll find a way to get it.

Reorganization is random action that occurs when a Reference Level is violated but you don't know what to do to bring the perception back under control. The "quarter-life" or midlife crisis many people experience is a perfect example of Reorganization. You don't quite know what to do to eliminate the angst you're feeling, so you start doing things that aren't normal for you, like quitting your job to backpack across Europe or getting a tattoo and buying a motorcycle. Reorganization feels like you're lost, depressed, or crazy - that's completely normal. Your brain starts spitting out all kinds of off-the-wall things in an effort to find something to fix the situation.

Reorganization is the neurological basis of learning.

If your mind hasn't already learned what to do in a certain situation, the best way to solve the problem is to try new things in an effort to gather data. That's what Reorganization is for - it's the impulse to consider or try new things to see what works.

It's best not to fight it.

Resisting or repressing the impulse to try something different slows down your learning.

Some perception about your life is out of control, and Reorganization is required to gather more data about how to fix it. Once you learn how to bring the perception back under control, Reorganization stops naturally.

Change your beliefs and Mental Simulations consciously by recalling and actively Reinterpreting past events.

Willpower can be thought of as instinctual override - it's a way to interrupt our automatic processing in order to do something else.

Our ability to successfully use Willpower for self-control tasks is dependent on a physiological fuel: blood glucose. Acts of Willpower Deplete relatively large amounts of glucose, and when those stores run low, we have a hard time using Willpower to inhibit behavior.

The best way to use your limited reserves of Willpower is to use Guiding Structure to change the structure of your Environment instead of your behavior.

The ostentatious buildings on the Las Vegas Strip are enormous monuments to human stupidity.

Imagine that, thirty or forty years from now, your grandchild gives you feedback on the results of your decision. Will they laud you for your wisdom or reprimand you for your stupidity?

Here's a curious fact about human beings: we have a really hard time realizing that something isn't there.

Great management is boring - and often unrewarding. The hallmark of an effective manager is anticipating likely issues and resolving them in advance, before they become an issue. Some of the best managers in the world look like they're not doing much, but everything gets done on time and under budget.

The problem is, no one sees all of the bad things that the great manager prevents. Less skilled managers are actually more likely to be rewarded, since everyone can see them "making things happen" and "moving heaven and earth" to resolve issues - issues they may have created themselves via poor management. Make a note to remind yourself to handsomely reward the low-drama manager who quietly and effectively gets things done.

Absence Blindness makes prevention grossly underappreciated.

If you're trying to sell the absence or prevention of something, you're fighting an uphill battle, even if your Product is great.

Absence Blindness also makes it uncomfortable for people to "do nothing" when something bad happens, even if doing nothing is the best course of action. Often, the best course of action is to choose not to act, but that's often difficult for humans to accept emotionally.

Experience is valuable primarily because the expert has a larger mental database of related Patterns, and thus a higher chance of noticing an absence. By noticing violations of expected Patterns, experienced people are more likely to get an "odd feeling" that things "aren't quite right," which is often enough warning to find an issue before it becomes serious.

In *Sources of Power: How People Make Decisions*, researcher Gary Klein tells the story of a team of firefighters putting out a fire on the first floor of a house. When water was sprayed at the base of the fire, the fire didn't respond as expected - it didn't diminish at all. The chief noticed and ordered everyone out - something just didn't feel right. A few minutes later, the house collapsed - the fire had started in the basement, destroying the foundation. If the team had stayed inside, they would have died. That's the power and benefit of experience.

Adding a Scarcity element to your offer is a great way to encourage people to take action. Scarcity makes people understand that they'll lose something valuable if they wait, making it more likely they'll choose to act immediately if they desire what is being offered. The more scarce the value, the more intense the desire.

Human attention requires novelty to sustain itself. Continue to offer something new, and people will pay attention to what you have to offer.

"To think is easy. To act is difficult. To act as one thinks is the most difficult." - Goethe

P. J. Eby, a former computer programmer who specializes in helping people use their minds more productively, defines Monoidealism this way: the state in which you have exactly one thing on your mind, with no conflicts. It's a condition that results in one naturally taking action in relation to the thought.

It'll take ten to thirty minutes before your mind becomes absorbed in what you're doing. Phone calls, coworkers "dropping by to pick your brain," and other unanticipated demands on your Attention will break your Monoideal state, so priority number one is ensuring that you don't get distracted.

Eliminate inner Conflicts.

I wasn't happy with how my work was turning out, and doing more of what wasn't working would be a waste. Spending some time revising the structure of the book resolved that Conflict, simultaneously making the book better and eliminating the source of the resistance.

Kick-start the Attention process by doing a "dash." Since it can take ten to thirty minutes to get into the zone, setting aside ten to thirty minutes for a quick burst of focused work can make it much easier to get into the zone quickly.

"What are the two or three most important things that I need to do today? What are the things that - if I got them done today - would make a huge difference?" Write only those tasks on your MIT list, then try to get them done first thing in the morning.

Setting an artificial deadline is extremely effective. If you set a goal to have all of your MITs done by 10:00 a.m., you'll be amazed at how quickly you can complete the day's most important tasks.

Setting a vague goal is like walking into a restaurant and saying, "I'm hungry. I want some food." You'll stay hungry until you order something.

One of the fascinating ramifications of our brain's Pattern Matching function is that we're constantly scanning the Environment for useful information. If you tell your mind specifically what you want to find, it will alert you whenever your senses notice it.

By taking a few moments to consciously decide what you're interested in and what you're looking for, you can program your mind to alert you when it notices something relevant.

Taking a few minutes before you start reading to figure out (1) why you want to read this material and (2) what kind of information you're looking for. Jotting down a few notes before picking up the book reinforces exactly what you're looking to find. After defining your purpose, you then pick up the book and flip through it quickly, paying particular Attention to the table of contents, section headings, and index - condensed sources of information about what the book contains and how the material is structured. Jotting down terms and concepts that appear to be particularly important helps prime your brain to notice them when they appear later. This process only takes a few minutes, but the impact it has on your reading speed is profound.

It's possible to extract most of the useful content in almost any nonfiction book in less than twenty minutes.

The Five-Fold Why is a technique to help you discover what you actually want. Instead of taking your desires at face value, examining the root cause of what you want can help you define your core desires more accurately. Applying the Five-Fold Why is easy: whenever you set a Goal or objective, ask yourself why you want it. If you want to become a millionaire, ask yourself why you want to have a million dollars.

The purpose of the Five-Fold How is to create a complete chain of actions from your big idea all the way down to things that you can do right now.

"Words are a lens to focus one's mind." - Ayn Rand



Your mind works is that it handles information from outside your head better than the thoughts that are rattling around inside your head.

By converting our internal thought processes into an external form, Externalization essentially gives us the ability to reinput information into our own brains via a different channel, which gives us access to additional cognitive resources we can use to process the same information in a different way.

Challenges and issues that seem insurmountable while they're bouncing around in your frontal lobe can often be solved surprisingly quickly after they're put on paper.

Solving our own problems while talking with a friend or colleague. By the time you're done talking, you're likely to have more insight into your problem.

Self-Elicitation. Simply by asking yourself questions, you're exploring options you previously didn't consider and Priming your brain to notice related information.

Counterfactual Simulation allows you to "force" your brain to run the simulations you want it to run.

Ingvar Kamprad, the founder of IKEA, once said, "If you split your day into ten-minute increments, and you try to waste as few of those ten-minute increments as possible, you'll be amazed at what you can get done."

Ingvar's Rule - assume each task will take no more than ten minutes to complete, then begin.

Charles Darwin's famous quip "Ignorance more frequently begets confidence than does knowledge"

Once you learn a bit more about a new subject, you become "consciously incompetent" - you know you don't know what you're doing. As a result, most individuals become less confident in their abilities shortly after learning more about a topic.

Developing "conscious competence" - the state of knowing what you're doing - takes experience, knowledge, and practice. When you're consciously competent, you regain your confidence: you know the limits of your knowledge and can accurately assess your abilities.

Paradoxically, one of the best ways to figure out whether or not you're right is to actively look for information that proves you're wrong.

Seeking disconfirming evidence will either show you the error of your ways or provide additional evidence for why your position is actually correct - as long as you suspend judgment long enough to learn from the experience.

Only those who will risk going too far can possibly find out how far one can go.

It's remarkably easy to fall into the trap of comparing your output to an idealized version of yourself who can build Rome in a day, then build the Great Wall of China as a fun side project.

Discover things worth Testing:

- ▶ How much sleep do you need to feel rested and alert?
- ▶ Which foods make you feel energetic after eating? Which foods make you feel ill or lethargic?
- ▶ When do you do your most productive work? Are there any patterns in your productivity?
- ▶ When do you get your best ideas? What are you doing when they occur to you?
- ▶ What is your biggest source of stress or concern? When do you start worrying, and why?

Testing is the best way to ensure that your life gets better over time. By constantly trying new things, you're learning what works for you and what doesn't. Over time, you'll discover Patterns - things that make your life better and things that make your life worse.

Power represents your ability to get things done through other people - the more power you have, the more things you can do.

If you don't have a plan, your actions will be determined by someone else. By refusing to make the effort to move in the direction you think is best, you're ceding Power to those who do have plans.

The best way to increase your Power is to do things that increase your influence and Reputation. The more people know your capabilities and respect the Reputation you've built, the more Power you will have.

England could produce cloth with much less effort, and Portugal was much better at producing wine. As a result, instead of wasting time and money struggling to do something they weren't good at, Portugal and England would both be better off if they specialized, then traded with each other. Comparative Advantage means it's better to capitalize on your strengths than to shore up your weaknesses.

Comparative Advantage also explains why diverse teams consistently outperform homogenous teams.

Too much time spent in communication and coordination can kill a team's effectiveness.

"8 Symptoms of Bureaucratic Breakdown" that appear in teams suffering from Communication Overhead:

1. The Invisible Decision - No one knows how or where decisions are made, and there is no transparency in the decision-making process.
2. Unfinished Business - Too many tasks are started but very few are carried through to the end.
3. Coordination Paralysis - Nothing can be done without checking with a host of interconnected units.
4. Nothing New - There are no radical ideas, inventions, or lateral thinking - a general lack of initiative.
5. Pseudo-Problems - Minor issues become magnified out of all proportion.
6. Embattled Center - The center battles for consistency and control against local/regional units.
7. Negative Deadlines - The deadlines for work become more important than the quality of the work being done.
8. Input Domination - Individuals react to inputs - i.e., whatever gets put in their in-tray - as opposed to using their own initiative. If any of these qualities describe your daily work experience, your team is probably suffering from a case of Communication Overhead. The solution to Communication Overhead is simple but not easy: make your team as small as possible.

Any fool can criticize, condemn, and complain - and most fools do. - DALE CARNEGIE,

Courtesy defined as "accepting small inconveniences on behalf of another person,"

Civilization advances by extending the number of operations we can perform without thinking.

Never tell people how to do things. Tell them what to do, and they will surprise you with their ingenuity.

universally, people hate to be told exactly what to do. "Micromanagement" is the bane of any worker's existence - if you're a competent professional, nothing is more demeaning than someone else defining and scrutinizing your work to the last detail. Micromanagement isn't simply annoying - it's extremely inefficient. Not only does spelling out every single detail make people feel less Important, it actually impairs their effectiveness. No set of instructions, no matter how detailed, is capable of covering every contingency. When

something inevitably changes, micromanagement fails.

The best way to eliminate Bystander Apathy in project management is to ensure that all tasks have single, clear owners and deadlines.

“Planning is guessing.” The reason we’re so bad at planning is because we’re not omniscient - unforeseen events or circumstances can dramatically impact even the most detailed plans.

The best testimonials don’t necessarily contain superlatives: amazing, best, life-changing, and revolutionary have been so overused that people expect them and discount their expectations accordingly. The most effective testimonials tend to follow this format: “I was interested in this offer, but skeptical. I decided to purchase anyway, and I’m very pleased with the end result.” The reason this format is more effective than a litany of people gushing about your offer is that it more closely matches how your prospects are feeling: interested but uncertain.

We find comfort among those who agree with us, and growth among those who don’t.

Modal Bias is the automatic assumption that our idea or approach is best. Most of us like to assume we have everything together - that we know what we’re talking about, we know what we’re doing, and that our way of doing things is best. Very often, we are quite mistaken. There is always more than one way to get something done.

Part of the value of understanding cognitive biases is the knowledge that you’re not immune to them, and simply knowing they exist doesn’t make them any less influential.

Individuals tend to rise to the level of other people’s expectations of them.

If you don’t expect much from the people you work with, it’s likely you won’t inspire them to perform to the limits of their capabilities. Let them know you expect great things from them, and more often than not, you’ll find that they perform well.

Pygmalion Effect is a tendency named after the protagonist of a Greek myth. Pygmalion was a gifted sculptor who created a statue of a woman so perfect that he fell in love with his creation. After Pygmalion desperately prayed to Aphrodite, the goddess of love, she took pity on him by bringing the statue to life. The Pygmalion Effect explains why all of our relationships are, in a very real sense, self-fulfilling prophecies.

When others screw up, we blame their character; when we screw up, we attribute the situation to circumstances.

#### SIX SIMPLE PRINCIPLES OF EFFECTIVE REAL-WORLD MANAGEMENT:

1. Recruit the smallest group of people who can accomplish what must be done quickly and with high quality. Comparative Advantage means that some people will be better than others at accomplishing certain tasks, so it pays to invest time and resources in recruiting the best team for the job. Don’t make that team too large, however - Communication Overhead makes each additional team member beyond a core of three to eight people a drag on performance. Small, elite teams are best.
2. Clearly communicate the desired End Result, who is responsible for what, and the current status. Everyone on the team must know the Commander’s Intent of the project, the Reason Why it’s important, and must clearly know the specific parts of the project they’re individually responsible for completing - otherwise, you’re risking Bystander Apathy.
3. Treat people with respect. Consistently using the Golden Trifecta - appreciation, courtesy, and respect - is the best way to make the individuals on your team feel Important and is also the best way to ensure that they

respect you as a leader and manager. The more your team works together under mutually supportive conditions, the more Clanning will naturally occur, and the more cohesive the team will become.

4. Create an Environment where everyone can be as productive as possible, then let people do their work. The best working Environment takes full advantage of Guiding Structure - provide the best equipment and tools possible and ensure that the Environment reinforces the work the team is doing. To avoid having energy sapped by the Cognitive Switching Penalty, shield your team from as many distractions as possible, which includes nonessential bureaucracy and meetings.
5. Refrain from having unrealistic expectations regarding certainty and prediction. Create an aggressive plan to complete the project, but be aware in advance that Uncertainty and the Planning Fallacy mean your initial plan will almost certainly be incomplete or inaccurate in a few important respects. Update your plan as you go along, using what you learn along the way, and continually reapply Parkinson's Law to find the shortest feasible path to completion that works, given the necessary Trade-offs required by the work.
6. Measure to see if what you're doing is working - if not, try another approach. One of the primary fallacies of effective Management is that it makes learning unnecessary. This mind-set assumes your initial plan should be 100 percent perfect and followed to the letter. The exact opposite is true: effective Management means planning for learning, which requires constant adjustments along the way. Constantly Measure your performance across a small set of Key Performance Indicators - if what you're doing doesn't appear to be working, Experiment with another approach.

“A complex system that works is invariably found to have evolved from a simple system that worked. The inverse proposition also appears to be true: a complex system designed from scratch never works and cannot be made to work. You have to start over, beginning with a simple system.” - John Gall, systems theorist

A process cannot be understood by stopping it. Understanding must move with the flow of the process, must join it and flow with it.

Inflows are resources moving into a system. Water into a sink. Money into a bank account. Raw materials into an assembly line. New hires into a company. Outflows are resources flowing out of a system. Water draining from a sink. Money flowing out of a bank account. Finished goods exiting an assembly line. Employees leaving the company due to retirement, termination, or changing jobs. Follow the Flows, and you're on your way to understanding how the system works.

The Goal: A Process of Ongoing Improvement, Eliyahu Goldratt

Goldratt proposes the “Five Focusing Steps,” a method you can use to **IMPROVE THE THROUGHPUT OF ANY SYSTEM**:

1. Identification: examining the system to find the limiting factor.
2. Exploitation: ensuring that the resources related to the Constraint aren't wasted.
3. Subordination: redesigning the entire system to support the Constraint.
4. Elevation: permanently increasing the capacity of the Constraint.
5. Reevaluation: after making a change, reevaluating the system to see where the Constraint is located.

“The system that will evolve most rapidly must fall between, and more precisely on, the edge of chaos - possessing order, but with the parts connected loosely enough to be easily altered.” - E. O. Wilson, systems theorist

Reality is that which, when you stop believing in it, doesn't go away.

A Selection Test is an Environmental constraint that determines which Systems continue to self-perpetuate and which ones “die.”

Businesses also have Selection Tests: enough value provided to customers, enough revenue to cover expenses, enough Profit to stay financially Sufficient.

Many people think of Selection Tests as “survival of the fittest,” but “death of the unfit” is a more accurate description. If a self-perpetuating system fails to satisfy a Selection Test, it will cease to exist. If you can’t get enough air, you’ll die. If your business can’t bring in enough revenue to maintain Sufficiency, it’ll die.

Changing Environments and Selection Tests are an entrepreneur’s best friend - they’re what allow small companies to outperform large, entrenched competitors. If you can identify what the Selection Tests in a market really are, you’ll be able to compete in that market much more effectively. Selection Tests are ruthless: satisfy them, and you’ll thrive. Fail to adapt to changing conditions, and you’ll die.

Many people make a business of selling certainty, which doesn’t exist. Prediction, forecasting, and other forms of business soothsaying are popular because they provide the illusion that the future is knowable and controllable. Exercises in prediction aren’t worth the cost - if there were a foolproof way to predict gas prices, interest rates, or stock prices, the people with that magic knowledge would be enormously wealthy and would have no need to sell anything to you.

“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.” - Charles Darwin

Because of our natural Pattern Matching abilities, we tend to see patterns where none exist and tend to attribute random Changes to skill if the Changes are good or misfortune if they’re bad.

Deconstruction is the process of separating complex systems into the smallest possible subsystems in order to understand how things work. Instead of trying to understand the system all at once, you break up the system into parts, then work on understanding the subsystems and how they interact with one another. Deconstruction is the reverse-engineering aspect of Gall’s Law. Remember : complex systems that work inevitably evolved from simpler systems that also worked.

To improve the system you’re examining, you don’t have to pay Attention to everything - just a few key Measurements that actually matter.

“Profit is sanity. Turnover is vanity.”

Here are a few questions I use to identify a business’s KPIs:

Value Creation:

How quickly is the system creating value?

What is the current level of Inflows?

Marketing: How many people are paying Attention to your offer?

How many prospects are giving you Permission to provide more information?

Sales:

How many prospects are becoming paying customers?

What is the average customer’s Lifetime Value?

Value Delivery: How quickly can you serve each customer?

What is your current returns or complaints rate?

Finance:

What is your Profit Margin ?

How much Purchasing Power do you have?

Are you financially Sufficient?

If you need to calculate Confidence Intervals, I recommend picking up Principles of Statistics by M. G. Bulmer for an in-depth primer.

He who refuses to do arithmetic is doomed to talk nonsense.

#### SOME USEFUL RATIOS TO TRACK:

- Return on Assets: For every \$1 you invest in equipment, how much revenue do you collect?
- Return on Capital: For every \$1 you borrow or take on in investment, how much revenue do you collect?
- Return on Promotion: For every \$1 you spend in advertising, how much revenue do you collect?
- Profit per Employee: For every person you employ, how much profit does your business generate?
- Closing Ratio: For every prospect you serve, how many purchase?
- Returns/Complaints Ratio: For every sale you make, how many choose to return or complain?

“How many legs does a dog have if you call the tail a leg? Four. Calling a tail a leg doesn’t make it a leg.” - Abraham Lincoln

In theory there’s no difference between theory and practice. But, in practice, there is.

Trying to Optimize for many variables at once doesn’t work - you need to be able to concentrate on a single variable for a while.

Optimize and Refactor up to the point you start experiencing Diminishing Returns, then focus on doing something else.

Automation applied to an efficient operation will magnify the efficiency.  
Automation applied to an inefficient operation will magnify the inefficiency.

The measure of success is not whether you have a tough problem to deal with, but whether it’s the same problem you had last year.

Well-defined Standard Operating Procedures are useful because they reduce Friction and minimize Willpower Depletion.

Checklisting will help you define a System for a process that hasn’t yet been formalized - once the Checklist has been created, it’s easier to see how to improve or Automate the system.

Create explicit Checklists for the Five Parts of Your Business, then make sure they’re followed every single time.

In The One-Straw Revolution, Masanobu Fukuoka wrote about his experiments with natural farming, which mostly involved letting nature take its course and intervening as little as possible. While most farms were introducing chemicals and machinery into agriculture, Fukuoka was consciously doing nothing - and reaping the rewards of high yields and ever-increasing soil richness.

Instead of trying to do too much, Fukuoka only did what was absolutely necessary. As a result, his fields were consistently among the most productive in the area. Cessation takes guts. It’s often unpopular or unpalatable to do nothing, even if doing nothing is actually the right solution.

Instead of trying to predict the future with 100 percent accuracy, Scenario Planning can help you prepare for many different possible futures.

Future-construct the most likely scenarios and plan what you'll do if they occur, and you'll be prepared for whatever actually happens.

Constant Experimentation is the only way you can identify what will actually produce the result you desire. Often, the best (or only) way to learn things is to jump in and try. At the beginning, you may be in over your head, but there's no faster way to learn what works. Once you're committed to exploring something, you'll learn far more quickly than if you'd cowered on the sidelines. You learn the most from what doesn't go well. As long as your mistakes don't kill you, paying Attention to what doesn't work can give you useful information you can use to discover what does. All failures are temporary - what you learn in the process always helps you move forward.

Experimentation is the essence of living a satisfying, productive, fulfilling life. The more you Experiment, the more you learn, and the more you'll achieve.

## QUESTIONS TO IMPROVE YOUR RESULTS

### DO I USE MY BODY OPTIMALLY?

- ▶ What is the quality of my current diet?
- ▶ Do I get enough sleep?
- ▶ Am I managing my energy well each day?
- ▶ How well am I managing daily stress?
- ▶ Do I have good posture and poise?
- ▶ What can I do to improve my ability to observe the world around me?

### DO I KNOW WHAT I WANT?

- ▶ What achievements would make me really excited?
- ▶ What "states of being" do I want to experience each day?
- ▶ Are my priorities and values clearly defined?
- ▶ Am I capable of making decisions quickly and confidently?
- ▶ Do I consistently focus my attention on what I want versus what I don't want? WHAT AM I AFRAID OF?
- ▶ Have I created an honest and complete list of the fears I'm holding on to?
- ▶ Have I confronted each fear to imagine how I would handle it if it came to pass?
- ▶ Am I capable of recognizing and correcting self-limitation?
- ▶ Am I appropriately pushing my own limits?

### IS MY MIND CLEAR AND FOCUSED?

- ▶ Do I systematically externalize (write or record) what I'm thinking about?
- ▶ Am I making it easy to capture my thoughts quickly, while as I have them?
- ▶ What has my attention right now?
- ▶ Am I regularly asking myself appropriate guiding questions?
- ▶ Do I spend most of my time focusing on a single task, or am I constantly flipping between multiple tasks?
- ▶ Do I spend enough time actively reflecting on my goals, projects, and progress?

### AM I CONFIDENT, RELAXED, AND PRODUCTIVE?

- ▶ Have I found a planning method that works for me?
- ▶ Am I "just organized enough"?
- ▶ Do I have an up-to-date list of my projects and active tasks?
- ▶ Do I review all of my commitments on a regular basis?
- ▶ Do I take regular, genuine breaks from my work?

- ▶ Am I consciously creating positive habits?
- ▶ Am I working to shed nonproductive habits?
- ▶ Am I comfortable with telling other people “no”?

#### HOW DO I PERFORM BEST?

- ▶ What do I particularly enjoy?
- ▶ What am I particularly good at doing?
- ▶ What environment(s) do I find most conducive to doing good work?
- ▶ How do I tend to learn most effectively?
- ▶ How do I prefer to work with and communicate with others?
- ▶ What is currently holding me back?

#### WHAT DO I REALLY NEED TO BE HAPPY AND FULFILLED?

- ▶ How am I currently defining “success”?
- ▶ Is there another way of defining “success” that I may find more fulfilling?
- ▶ How often do I compare myself with my perceptions of other people?
- ▶ Am I currently living below my means?
- ▶ If I could only own one hundred things, what would they be?
- ▶ Am I capable of separating necessity and luxury?
- ▶ What do I feel grateful for in my life and work?

#### \*\* FURTHER READING:

- Accounting Made Simple by Mike Piper
- Essentials of Accounting by Robert N. Anthony and Leslie K. Breitner
- The McGraw-Hill 36-Hour Course in Finance for Nonfinancial Managers by Robert Cooke
- How to Read a Financial Report by John A. Tracy.
- Fail-Safe Investing by Harry Browne
- Mindful-ness in Plain English by Bhante Henepola
- Making Sense of Behavior: The Meaning of Control, William T. Powers
- David Seah’s “Emergent Task Planner” a free downloadable PDF that makes it easy to plan your day.
- The Goal: A Process of Ongoing Improvement, Eliyahu Goldratt
- Atul Gawande’s The Checklist Manifesto