

# The Compound Effect

## Multiplying Your Success, One Simple Step at a Time.

by Darren Hardy

### Choose Wisely

Seemingly inconsequential decisions shape your destiny.

#### QUICK OVERVIEW

The short but revealing book, *The Compound Effect*, examines the principle of reaping huge rewards from a series of small, smart choices. Author Darren Hardy, publisher and editorial director of *SUCCESS* magazine, speaks candidly from his personal experiences and from insights picked up by interviewing many of today's most celebrated achievers.

Hardy identifies two main challenges we face when it comes to reaching our goals. First, the hype surrounding personal achievement today is extreme—and extremely false. The sooner we can give up the notion that there is a quick fix or an insta-success solution, the better off we'll be. Second, we have the tendency to sabotage our success. It's unintentional, of course, but when we neglect to make positive choices *consistently*, we lose momentum, and rather than soaring, we crash and burn.

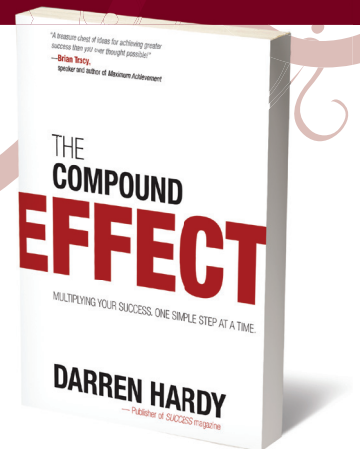
Hardy explains this simple truth: There aren't 5,000 things one needs to do well to be successful; there are about a half-dozen things that need to be done well, 5,000 times over. This book brings clarity and focus to those half-dozen things and offers a specific and real-life action plan on how to do them well. Master these fundamentals, repeat them consistently over an extended period of time, and the payoff will be extraordinary.

The six simple steps to success outlined in *The Compound Effect* will put you on the path to creating the success you desire and the life you deserve.

#### APPLY AND ACHIEVE

Hardy defines commitment as “doing the thing you said you were going to do, long after the mood you said it in has left you.” Developing the habit of making positive choices requires commitment, and it takes practice. Hardy explains that you build momentum and see results when you get into a rhythm in which the behaviors necessary for achieving the success you desire are second nature.

Download the Rhythm Register and many other free resources at [www.TheCompoundEffect.com/free](http://www.TheCompoundEffect.com/free) and start tracking your progress. The tool



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#### SUCCESS Points

*From this book you will learn:*

- How small, seemingly inconsequential choices impact your success
- Why you must take 100 percent responsibility for your life
- How an attitude of gratitude can change your relationships
- How and why to get into a routine

# SUMMARY

## *The Compound Effect*

will serve as a visual reminder and help you stay focused on the desired outcome and committed to your decision.

**I**t's time someone told it to you straight. You've been bamboozled for too long. There is no magic bullet, secret formula, or quick fix. You don't make \$200,000 a year spending two hours a day on the Internet, lose 30 pounds in a week, rub 20 years off your face with a cream, fix your love life with a pill, or find lasting success with any other scheme that is too good to be true. It would be great if you could buy your success, fame, self-esteem, good relationships, and health and well-being in a nicely clam-shelled package at the local Walmart. But, that's not how it works.

We are constantly bombarded with increasingly sensational claims to get rich, get fit, get younger, get sexier... all overnight with little effort for only three easy payments of \$39.95. These repetitive marketing messages have distorted our sense of what it really takes to succeed. We've lost sight of the simple but profound fundamentals of what it takes to be successful.

I'm tired of it. I won't sit back and watch these reckless messages derail people any longer. I wrote this book to take you back to basics. I'm going to help you clear the clutter and bring focus to the core fundamentals that matter.

My personal experience has proven that, no matter what you learn or what strategy or tactic you employ, success comes as the result of the operating system of the Compound Effect.

The Compound Effect is the principle of reaping huge rewards from a series of small, smart choices. What's most interesting about this process to me is that, even though the results are massive, the steps, in the moment, don't *feel* significant. Whether you're using this strategy for improving your health, relationships, finances, or anything else for that matter, the changes are so subtle, they're almost imperceptible.

Most people get tripped up by the simplicity of the Compound Effect. For instance, they quit after the eighth day of running because they're still overweight. Or, they stop making contributions to their IRA after a few years because they could use the cash—and it doesn't seem to be adding up to much anyway. What they don't realize is that these small, seemingly insignificant steps completed consistently over time will create a radical difference.

The essence of the Compound Effect is this:

**Small, Smart Choices + Consistency + Time =  
RADICAL DIFFERENCE**

## CHOICES

Our choices can be our best friend or our worst enemy. They can deliver us to our goals or send us orbiting into a galaxy far, far away. Think about it. Everything in your life exists because you first made a *choice* about something. Choices are at the root of every one of your results. Each choice starts a behavior that over time becomes a habit.

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In essence, you make your choices, and then your choices make you. Every decision, no matter how slight, alters the trajectory of your life—whether or not to go to college, who to marry, to have that last drink before you drive, to indulge in gossip or stay silent, to make one more prospecting call or call it a day, to say I love you or not. Every choice has an impact on the Compound Effect of your life.

Your biggest challenge isn't that you've intentionally been making bad choices. Heck, that would be easy to fix. Your biggest challenge is that you've been *sleepwalking* through your choices. Half the time, you're not even aware you're making them! Our choices are often shaped by our culture and upbringing. They can be so entwined in our routine behaviors and habits that they seem beyond our control. For instance, have you ever been going about your business, enjoying your life, when all of sudden you made a stupid choice or series of small choices that ultimately sabotaged your hard work and momentum, all for no apparent reason? You didn't intend to sabotage yourself, but by not thinking about your decisions—weighing the risks and potential outcomes—you found yourself facing unintended consequences. Nobody *intends* to become obese, go through bankruptcy, or get a divorce, but often (if not always) those consequences are the result of a series of small, poor choices.

For most of us, it's the frequent, small, and seemingly inconsequential choices that are of grave concern. I'm talking about the decisions you think don't make any difference at all. It's the little things that inevitably and predictably derail your success. Whether they're bone-headed maneuvers, no-biggie behaviors, or are disguised as positive choices (those are especially insidious), these seemingly insignificant decisions can completely throw you off course because you're not mindful of them. You get overwhelmed, space out, and become unaware of the little actions that take you way off course.

The Compound Effect works, all right. It *always* works. But in this case it works against you because you're doing... you're sleepwalking. For instance, you inhale a soda and bag of potato chips and suddenly realize only after you polished off the last chip that you blew an entire day of healthy eating—and you weren't even hungry. You get caught up and lose two hours watching mindless TV—scratch that, let's give you some credit and make it an educational documentary—before realizing you spaced on preparing for an important presentation to land a valuable client. You blurt out a knee-jerk lie to a loved one for no good reason, when the truth would have worked just fine. What's going on? You've allowed yourself to make a choice without thinking.

And as long as you're making choices unconsciously, you can't consciously choose to change that ineffective behavior and turn it into productive habits. It's time to WAKE UP and make empowering choices.

### OWNING 100 PERCENT

We are all self-made men and women, but only the successful take credit for it. I was eighteen when I was introduced to the idea of personal responsibility, and the concept completely transformed my life.

I quickly understood how this concept could transform every area of my life. If I *always* took 100 percent responsibility for everything I experienced—completely owning all of my choices and all the ways I responded to whatever happened to me—I held the power. Everything was up to me. I was responsible for everything I did, didn't do, or how I responded to what was done to me.

I know you think you take responsibility for your life. I've yet

to ask anybody who doesn't say, "Of course, I take responsibility for my life." But then you look at how most people operate in the world; there's a lot of finger pointing, victimhood, blaming, and expecting someone else or the government to solve their problems. If you've ever blamed traffic for being late, or decided you are in a bad mood because of something your kid, spouse, or co-worker did, you're not taking 100 percent personal responsibility. You arrived late because the printer was busy? Maybe you shouldn't have waited until the last minute? Co-worker messed up the presentation? Shouldn't you have double-checked it yourself before delivering it? Not getting along with your unreasonable teen? There are a countless fantastic books and classes to help you learn how to deal.

You alone are responsible for what you *do*, *don't do*, or how you *respond* to what's done to you. This empowering mindset revolutionized my life. Luck, circumstances, or the right situation wasn't what mattered. If it was to be, it was up to me. I was free to fly. No matter who was elected president, how badly the economy tanked, or what anybody said, did, or didn't do, I was still 100 percent in control of me. Through choosing to be officially liberated from past, present, and future victimhood, I'd hit the jackpot. I had the unlimited power to control my destiny.

### THANKSGIVING YEAR-ROUND

We're particularly gifted in the finger-pointing department when it comes to our romantic relationships—you know, where the other person is the one who needs to change. Let me explain how something extremely simple, taking less than five minutes a day, can literally change your life.

A few years back, a friend of mine was complaining about his wife. From my observation, she was a terrific lady, and he was lucky to have her. I told him as much, but he continued to point out all the ways she was responsible for his unhappiness. That's when I shared an experience that had literally changed my marriage... and me.

One Thanksgiving, I decided to keep a Thanks Giving journal for my wife. Every day for an entire year I logged at least one thing I appreciated about her—the way she interacted with her friends, how she cared for our dogs, the fresh bed she prepared, a succulent meal she whipped up, or the beautiful way she styled her hair that day—whatever. I looked for the things my wife

was doing that touched me, or revealed attributes, characteristics, or qualities I appreciated. I wrote them all down secretly for the entire year. By the end of that year, I'd filled an entire journal.

When I gave it to her the following Thanksgiving, she cried, calling it the best gift she'd ever received. (Even better than the BMW I'd given her for her birthday!) The funny thing was that the person most affected by this gift was me. All that journaling forced me to focus on my wife's positive aspects. I was consciously looking for all the things she was doing "right." That heartfelt focus overwhelmed anything I might have otherwise complained about. I fell deeply in love with her all over again (maybe even more than ever, as I was seeing subtleties in her nature and behavior instead of her more obvious qualities). My appreciation, gratitude, and intention to find the best in her was something I held in my heart and eyes each day. This caused me to show up differently in my marriage, which, of course, made her respond differently to me. Soon, I had even more things to write in my Thanks Giving journal! As a result of choosing to take a mere five minutes every day or so to document all the reasons why I was grateful for her, we experienced one of the best years of our marriage, and it's only gotten better.

After I shared my experience, my friend decided to keep a Thanks Giving journal about his wife. Within the first few months, he completely turned around his marriage. Choosing to look for and focus on his wife's positive qualities changed his view of her, which changed how he interacted with her. As a result, she made different choices about the way she responded to him. The cycle perpetuated. Or, shall we say, compounded.

## SUCCESS OR FAILURE IS A HABIT

Aristotle wrote, "We are what we repeatedly do." Webster defines habit this way: "An acquired mode of behavior that has become nearly or completely involuntary." If you've been living on autopilot and allowing your habits to run you, I want you to understand why. And I want you to let yourself off the hook. After all, you're in good company. Psychological studies reveal that 95 percent of everything we feel, think, do, and achieve is a result of a learned habit! We're born with instincts, of course, but no habits at all. We develop them over time. Beginning in childhood, we learned a series of conditioned responses that led us to react automatically (as in, without thinking) to most situations.

In chapter three I outline specific strategies on how to uproot,

permanently, the poor habits that continually take you off course and give you exact guidelines on how to, identify first, then install the success habits you need to take you in the direction of your goals, dreams and ambitions. But I will outline for you here the beginning key—awareness.

I'm about to walk you through one of the single greatest strategies I've ever used in my personal development. This strategy helps me take control of the choices I make throughout the day, causing everything else to fall into place, and leading to behaviors and actions that shepherd my habits into line like dutiful, loyal minions.

I learned the power of tracking the hard way, after I'd acted like a colossal idiot about my finances. Back in my early twenties, when I was making a lot of money selling real estate, I met with my accountant. "You owe well over \$100,000 in taxes," he said. "What?!" I said. "I don't have that kind of cash just lying around."

"Why not?" he asked. "You collected several times that; certainly you set aside the taxes that would be due on that money." "Evidently I didn't," I said.

"Where did the money go?" he asked. "I don't know," I said, a sobering confession, for sure. The money had passed through my hands like water, and I hadn't even noticed!

Then my accountant did me a great favor. "Son," he said, looking me dead in the eyes, "you've got to get a grip. I've seen this a hundred times before. You're spending money like a drunken fool, and you don't even know how to account for it. That's stupid. Stop it. You are now seriously in the hole. You have to earn more money that you'll owe additional taxes on just to pay for your back taxes. Continue this, and you'll dig your financial grave with your own wallet." I immediately got the message.

Here's what my accountant had me do: carry a small notepad in my back pocket, and write down every single cent I spent for thirty days. Whether it was a thousand dollars for a new suit or fifty cents for air to fill up my tires, it all had to go down on the notepad. Wow. This brought an instantaneous awareness of the many unconscious choices I was making that resulted in money pouring out of my pockets. Because I had to log everything, I resisted buying some things, just so I didn't have to take out the notepad and write it in the dang book!

Keeping a money log for thirty days straight cemented a new awareness in me, and created a completely new set of choices and disciplines around my spending. And, since awareness

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and positive behaviors compound, I found myself being more proactive with money in general, putting away more for retirement, finding areas to save where there was clear waste, and enjoying the fun quotient of money—“play money”—all the more. When I did consider shelling out for entertainment, I did so only after a long pause.

This tracking exercise changed my awareness of how I related to my money. It worked so well, in fact, that I’ve used it many times to change other behaviors. Tracking is my go-to transformation model for everything that ails me. Over the years I’ve tracked what I eat and drink, how much I exercise, how much time I spend improving a skill, my number of sales calls, even the improvement of my relationships with family, friends, or my spouse. The results have been no less profound than my money-tracking wake-up call.

Since your outcomes are all a result of your moment-to-moment choices, you have incredible power to change your life by changing those choices. Step by step, day-by-day, your choices will shape your actions until they become habits, where practice makes them permanent.

## ROUTINES AND RHYTHMS

A routine is something you do every day without fail, so that eventually, like brushing your teeth or putting on your seatbelt, you do it without conscious thought. Of all the high-achievers and business owners I’ve worked with, I’ve seen that, along with good habits, each has developed routines for accomplishing necessary daily disciplines. It’s the only way any of us can predictably regulate our behavior. There simply isn’t any way around it. A daily routine built on good habits and disciplines separates the most successful among us from everyone else. A routine is exceptionally powerful.

Once your daily disciplines have become a routine, you want the succession of those steps to create a rhythm. I want to share with you something I created for myself that helps me keep track of the rhythm of a new behavior. I call it my “Rhythm Register,” and I think you’ll find it extremely helpful. If you want to drink more water or take more steps each day or acknowledge your spouse more affectionately—whatever behavior you’ve decided you need to move toward your goal—you’ll want to track it to make sure you’re establishing a rhythm. You can download the system (and a number of other extremely useful tools) for free at [www.TheCompoundEffect.com/free](http://www.TheCompoundEffect.com/free).

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I want to offer a word of caution: When people get started in a new endeavor, they almost always overdo it. Of course, I want you to feel excited about setting up a rhythm for success, but you need to find a program that you can absolutely, positively do in the long term without renegotiation. I don’t want you thinking of the rhythms you can do for this week, month, or even the next ninety days; I want you to think about what you can do for the rest of your life. The Compound Effect—the positive results you want to experience in your life—will be the result of smart choices (and actions) repeated consistently over time.

As a society we don’t seem to lack the ambition to start. We start new diet programs, join gyms and begin all sorts of New Year’s resolutions. What most people lack is the follow-through. Not just starting, but staying. Not just beginning, but continuing... long enough to have the Compound Effect kick in and catapult them to extraordinary results, making visible the accumulated effect of the many seemingly inconsequential choices, behaviors and habits performed over time. The key to all this is consistency.

If there’s one discipline that gives me a competitive advantage, it’s my ability to be consistent. Nothing kills the Compound Effect quicker and with more certainty than a lack of consistency. Even good, passionate, and ambitious people with good intentions can fall short when it comes to consistency, and predictably find themselves at ground zero over and over again and wonder why. Winning the race is all about pace. Be the tortoise—the person who, given enough time, will beat virtually anybody in any competition as a result of positive habits and behaviors applied consistently.

I challenge you to adopt these philosophies in your own life—in your daily habits, disciplines and routines. Giving a little more time, energy, or thought to your efforts won’t just improve your results; it will multiply them.



# SUMMARY

*The Compound Effect*

## ➔ ACTION STEPS

Get more out of this SUCCESS Book Summary by putting what you've learned into action. Here are a few questions and thoughts to help you get started.

1. Identify three choices, maybe even unconscious ones, that might be moving you away from your goals.
2. Where in your life are you not taking 100 percent responsibility? Write down three things you can start doing right now to take responsibility for the outcomes of your life.
3. Pick an area of your life you are frustrated with. For at least three weeks journal all the good things you can do about this area.
4. Start tracking at least one behavior you'd like to change or improve.
5. Plan for success. Schedule a regular time for the behaviors you want to incorporate into your life (e.g., exercise, date night, listening to personal-development audios), and make doing them part of your daily and weekly routine.
6. List three areas of life in which you are not consistent enough.
7. Go to [www.TheCompoundEffect.com/free](http://www.TheCompoundEffect.com/free) to download the Rhythm Register to help you permanently cement the success disciplines you need in order to achieve your greatest ambitions.

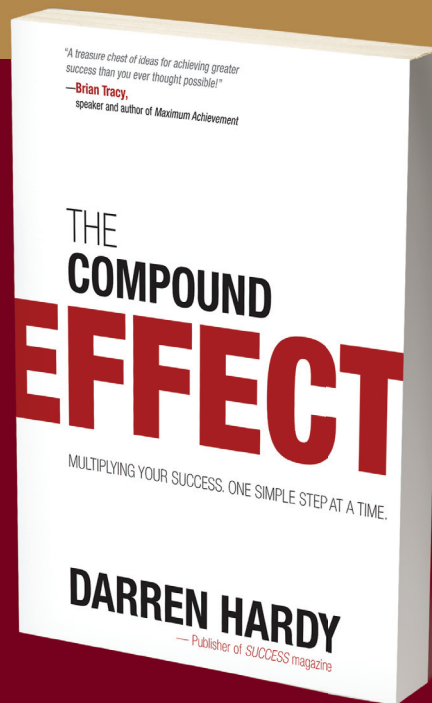
## Recommended Reading

If you enjoyed this summary of **The Compound Effect**, why not add the book to your personal success library? Here are a few other books you may enjoy:

**7 Strategies for Wealth & Happiness** by Jim Rohn

**No Excuses! The Power of Self-Discipline**  
by Brian Tracy

**Mojo: How to Get It, How to Keep It, How to Get It Back if You Lose It** by Marshall Goldsmith



## About the Author

**Darren Hardy** is the publisher and editorial director of SUCCESS magazine. He has been a leader in the personal development industry for 16 years, having led two personal-development-based television networks—The People's Network (TPN), and The Success Training Network (TSTN).

Hardy is a product of the principles he reveals in **The Compound Effect**. As an entrepreneur, Darren was earning a six-figure income by age 18, more than \$1 million a year by age 24, and he owned a company producing \$50 million a year in revenue by age 27. He has mentored thousands of entrepreneurs, advised many large corporations, and serves on the board of several companies and nonprofit organizations.

He is a popular keynote speaker and appears regularly on national radio and TV shows.

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