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Darren Hardy is the publisher of *SUCCESS* magazine and has been a leader in the personal-development industry for 16 years. He has mentored thousands of entrepreneurs, advised many large corporations, and served on the board of several companies and nonprofit organizations, and is committed to helping others achieve their potential in order to live richer, more fulfilling lives. He is a product of the principles he reveals in his latest book, *The Compound Effect*.



# The Compound Effect

## Multiplying Your Success One Simple Step at a Time

{ BY DARREN HARDY }

You know that expression, “Slow and steady wins the race”? Ever heard the story of the tortoise and the hare? Ladies and gentlemen, I’m the tortoise. Give me enough time, and I will beat virtually anybody, anytime, in any competition. Why? Not because I’m the best or the smartest or the fastest. I’ll win because of the positive habits I’ve developed, and because of the consistency I use in applying those habits.

I’m living proof that consistence is the ultimate key to success, yet it’s one of the biggest pitfalls for people struggling to achieve. Most people don’t know how to sustain it. I do. I have my father to thank for that. In essence, he was my first coach for igniting the power of the Compound Effect.

One of Dad’s core philosophies was, “It doesn’t matter how smart you are or aren’t, you need to make up in hard work what you lack in experience, skill, intelligence or innate ability.” No matter what the challenge, he taught me, if you aren’t good at something, work harder, work smarter. He walked his talk, too. Dad went from being a football coach to a top salesperson. From there, he became the boss, and ultimately, went on to own his own company.

Dad’s discipline served as an example for me. Dad was my idol, and I wanted him to be proud of me. I also lived in fear of disappointing him. One of his philosophies is, “Be the guy who says no. It’s no great achievement to go along with the crowd. Be the

unusual guy, the extraordinary guy.” That’s why I never did drugs—he never harped on me about it, but I didn’t want to be that guy who just went along because everyone else was doing it. And I didn’t want to let Dad down.

Thanks to Dad, by age 12, I’d mastered a schedule worthy of the most efficient CEO. Dad gave me a serious head start on the discipline and mentality it takes to be dedicated and responsible, to achieve whatever I set out to achieve. Today Dad and I joke about what an addictive overachiever he trained me to be. At 18, I was making a six-figure income in my own business. By age 20, I owned my own home in an upscale neighborhood. By age 24, my income grew to more than \$1 million a year, and by age 27, I was officially a self-made millionaire with a business that brought in more than \$50 million in revenue. That just about brings us to the present day, because I’m not yet 40, but I have enough money and assets to last my family the rest of my life. The Compound Effect is the “secret” behind my success.

I’m a true believer in the Compound Effect because Dad made sure that I lived it, each and every day, until I couldn’t live any other way if I tried. But if you’re like most people, you’re not a true believer. As a society, we have been deceived. We’ve been hypnotized by commercial marketing, which convinces you of problems you don’t have and sells you on the idea of insta-fixes to “cure” them.





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



We've been socialized to believe in the fairytale endings found in movies and novels. We've lost sight of the good, old-fashioned value of hard and consistent work.

**You Haven't Experienced the Payoff 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. These small changes offer little or no immediate

result, no big win, no obvious I-told-you-so payoff. So why bother?

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 practicing the piano after six months because they haven't mastered anything other than "Chopsticks." 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. Consider this example of three friends: Larry, Scott and Brad.

**Three Friends**

These three buddies grew up together. They live in the same neighborhood, with very similar sensibilities. Each makes around \$50,000 a year. They're all married and have average health and body weight, plus a little bit of that dreaded "marriage flab."

Larry plods along doing as he's always done. He's happy, or so he thinks, but complains occasionally that nothing ever changes.



Scott starts making some small, seemingly inconsequential, positive changes. He begins reading 10 pages of a good book per day and listening to 30 minutes of something instructional or inspirational on his commute to work. Scott wants to see changes in his life, but doesn't want to make a fuss over it. He recently read an interview with Dr. Mehmet Oz in *SUCCESS* magazine and chose one idea from the article to implement in his life: He's going to cut 125 calories from his diet every day. No big deal. He's also started walking a couple of thousand extra steps per day (less than a mile). No grand acts of bravery or effort. Stuff anyone could do. But Scott is determined to

stick with these choices, knowing that even though they're simple, he could also easily be tempted to abandon them.

Brad makes a few poor choices. He recently bought a new big-screen TV so he can watch more of his favorite programs. He's been trying out the recipes he's seen on the Food Channel—the cheesy casseroles and desserts are his favorites. Oh, and he installed a bar in his family room and added one alcoholic drink per week to his diet. Nothing crazy. Brad just wants to have a little more fun.

At the end of five months, no perceivable differences exist among Larry, Scott or Brad. Scott continues to read a little bit every night and listen to audios during his commute;

Brad is “enjoying” life and doing less. Larry keeps doing as he always has. Even though each man has his own pattern of behavior, five months isn't long enough to see any real decline or improvement in their situations. In fact, if you charted the three men's weights, you'd see a rounding error of zero. They'd look exactly equal.

At the end of 10 months, we still can't see noticeable changes in any of their lives. But at about month 25, we start seeing really measurable, visible differences. At month 27, we see an expansive difference. And by month 31, the change is startling. Brad is now fat while Scott is trim. By simply cutting 125 calories a day, in 31 months, Scott has lost 33 pounds!

<b>31 months</b>	<b>= 940 days</b>
<b>940 days x 125 calories/day</b>	<b>= 117,500 calories saved</b>
<b>117,500 calories saved x 1 pound/3,500 calories</b>	<b>= 33.5 pounds!</b>

Brad ate only 125 more calories a day in that same time frame, and gained 33.5 pounds. Now he weighs 67 pounds more than Scott! But the differences are more significant than weight. Scott's invested almost 1,000 hours reading good books and listening to self-improvement audios; by putting his newly gained knowledge into practice, he's earned a promotion and a raise. Best of all, his marriage is thriving. Brad? He's unhappy at work, and his marriage is on the rocks. And

Larry? Larry is pretty much exactly where he was two and half years ago, except now he's a little more bitter about it.

### Back to Basics

The phenomenal power of the Compound Effect is that simple. The difference between people who employ the Compound Effect for their benefit compared to their peers who allow the same effect to work against them is almost inconceivable. It looks miraculous! Like magic or quantum leaps. After 31

## The Compound Effect is the principle of reaping huge rewards from a series of small, smart choices.

..... months (or 31 years), the person who uses the positive nature of the Compound Effect appears to be an “overnight success.” In reality, his or her profound success was the result of small, smart choices, completed consistently over time.

The most challenging aspect of the Compound Effect is that we have to keep working away for a while, consistently and efficiently, before we can begin to see the payoff. Our grandparents knew this, though they didn't spend their evenings glued to the TV watching infomercials about how to have thin thighs in 30 days or a real estate kingdom in six months. I bet your grandparents worked six days a week, from sunup to sundown, using the skills they learned in their youth and repeatedly throughout their entire life. They knew the secret was hard work, discipline and good habits.

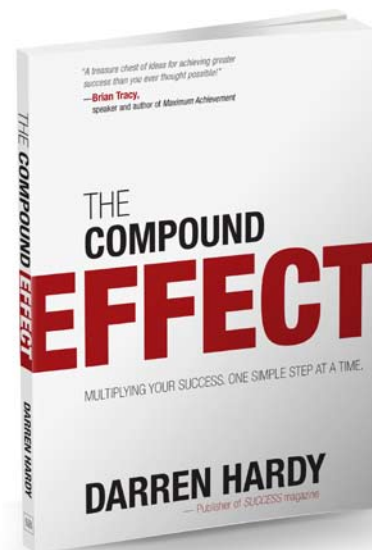
As a nation, our entire populace seems to have lost appreciation for the value of a strong work ethic. We've had two, if not three, generations of Americans who have known great prosperity, wealth and ease. Our expectations of what it really takes to create lasting success—things like grit, hard work and fortitude—aren't alluring, and thus have been mostly forgotten. We've lost respect for the strife and struggle of our forefathers. The massive effort they put forth instilled discipline, chiseled their character and stoked the spirit to brave new frontiers.

### Microwave Mentality

Understanding the Compound Effect will rid you of “insta-results” expectation—the belief success should be as fast as your fast food, your one-hour glasses, your 30-minute photo processing, your overnight mail, your microwave eggs, your instant hot water and text messaging.

When you understand how the Compound Effect works, you won't pine for quick fixes or silver bullets. Don't try to fool yourself into believing that a mega-successful athlete didn't live through regular bone-crushing drills and thousands of hours of practice. He got up early to practice—and kept practicing long after all others had stopped. He faced the sheer agony and frustration of the failure, loneliness, hard work and disappointment it took to become No. 1.

Your only path to success is through a continuum of mundane, unsexy, unexciting and sometimes difficult daily disciplines compounded over time. The results, the life and the lifestyle of your dreams can be yours when you put the Compound Effect to work for you. If you use the principles outlined in *The Compound Effect*, you will create your fairy-tale ending! **SH**



## Put the Compound Effect to Work for You

### Summary Action Steps

- Write out a few excuses you might be clinging to (e.g., not smart enough, no experience, wrong upbringing, don't have the education, etc.). Decide to make up in hard work and personal development to outcompete anyone—including your old self.
- Be Scott—Write out the half-dozen small, seemingly inconsequential steps you can take every day that can take your life in a completely new and positive direction.
- Don't be Brad—Write down the small, seemingly inconsequential actions you can stop doing that might be compounding your results downward.
- List a few areas, skills or outcomes where you have been most successful in the past. Consider whether you could be taking those for granted and are not continuing to improve, and are therefore in jeopardy of having that complacency lead to future failure.