

# The Compound Effect Summary

By Darren Hardy

Sir Henry Royce said, 'Small things make perfection, but perfection is no small thing.' It is the cumulative nature of what we do that makes the most significant difference. And as Darren Hardy says, 'You will never change your life until you change something you do daily.'

*The Compound Effect* teaches us how to create those small daily habits that get us closer to our life goals. Hardy offers simple tips on achieving success and living the life of our dreams.

Author Darren Hardy is a keynote speaker, advisor, and former publisher of *Success* magazine. Hardy was the executive producer of two television networks, and over the years, he's investigated, interviewed, and got to know individuals who've achieved greatness. He now dedicates his time to mentor, teach, and inspire others, to achieve success financially and in life.

The book's premise is similar to compound interest in finance. Small everyday decisions add up to huge returns over time. While the concept is simple, that doesn't mean it's easy. Hardy offers strategies for successfully and carefully directing our choices. Such choices enable us to shape our lives in a positive direction. If we accept responsibility for our own lives, we can change our habits and carve out a future we've always wanted.

Many of us believe that we need to achieve things quickly. However, Hardy claims that it's about the "slow burn," not the big gesture, when it

comes to achieving anything worthwhile. The keyword is consistency.

This Briefer summary unpacks the premise of the compound effect. We examine how small daily choices either work for, or against us, and why the compound effect, as simple as it may sound, is not so easy to apply in practice. It's not easy because it relies on us putting in the work. Fortunately, Hardy provides tips on using the compound effect to our advantage. We'll also learn how to transform big goals into tiny habits; use the power of momentum, and push beyond our limits.

## What is the Compound Effect?

According to Oscar Wilde, 'Consistency is the last refuge of the unimaginative.' However, despite this view, there's no denying that small smart choices completed consistently over time, make a radical difference in one's life.

The compound effect posits that if these small smart changes are maintained consistently, then unexpected things start to happen. Hardy explains this using a formula.

Small, smart choices + consistency + time = radical difference.

For anyone who knows anything about finance, the compound effect is nothing new. Compound interest means that a small investment over time can lead to significant returns.

To illustrate just how powerful the compound effect is, let's look at Hardy's magic penny story. If you could take three million dollars right now, or you could get a penny that would double every day for 31 days,

which option would you go for?

If you picked the three million dollars, and your friend chose "the doubling penny," what would happen next? Well, on day ten, the penny your friend chose would be worth \$5.12. This is because, on day one, they'd have a penny. On day two, they'd have two pennies; on day three, they'd have four; on day four, they'd have eight, and so on.

If we fast forward to day 20, your friend's penny would be worth a meager \$5000 compared to your three million dollars. By this stage, you'd have no regrets about your choice, right? However, if we jump forward to day 31, your friend's doubling penny would be worth a whopping 10 million dollars. And that folks, is the compound effect. So, when we consider the compound effect, 'We not only reap what we sow, we reap more than we sow.'

However, the compound effect isn't just a concept limited to finances. If we apply it to eating, consuming a hundred fewer calories per day over an entire year, results in a 10-pound weight loss. Likewise, just 30 minutes of reading per day leads to exponential personal growth. The compound effect is working all the time; whether it brings success or failure is really up to us.

## **We Are What We Choose**

We are a product of our choices, and each choice that we make defines us.

Let's look at the example of three friends. One friend tries to improve himself every day. To do this, he spends time with his wife, walks for half

an hour every day, cuts out 125 calories in his diet, and reads motivational books. The second friend does nothing. The third friend rarely exercises, spends loads of time in front of the television, takes his wife for granted, and has a cookie and beer every day to enjoy life.

What do you think happened to these three people after two and a half years? The third friend is obese, has a multitude of health problems, and loses his job and wife. The second friend remains the same, but is more discontented than before. The first friend stays trim and healthy, has a happy relationship with his wife, and gets a job promotion.

In this example, we can see the ripple effect that our daily choices make. What might seem insignificant, can have major influences on our life for either good or bad. We don't often think about these small decisions because they don't immediately affect us. However, just because we might not see the effect of these choices straight away, doesn't mean that they don't matter.

We need to be acutely aware of the bad habits that are holding us back, and develop them into good habits that propel us forward. However, from books such as *The Power of Habit*, *Atomic Habits*, and *Eat Move Sleep*, we know that creating better habits is easier said than done.

So, how do we learn to be better?

## **Success is a Result of Unsexy, and Mundane Acts Over Time**

*'The only path to success is through a continuum of mundane, unsexy, unexciting and sometimes difficult daily disciplines compounded over time.'*

We live in a culture of instant gratification, or as Hardy calls it, "the microwave culture." We want everything to happen right now, immediately, and we hate waiting. We gravitate towards fast food, quick-fix diets, and episodes that we can binge-watch.

This need for speed is not healthy, and the more we expect instantaneous results, the unhealthier we become. We are anxious, disillusioned, and easily bored, and we reach for treats to quell these feelings. Because of this need for instant results, we underestimate the power of baby steps. Baby steps add up, and over time projects are completed, and goals are reached.

Little steps matter, and daily small positive actions set us up for long-term success. Rather than trying to drop a jean size in a week, opt for a slower approach. Make minor adjustments to calorie intake, increase exercise slightly, and the results will begin to reveal themselves. What's more, it's unlikely you'll put the weight back on because these small changes will have become habitual, part of your everyday routine.

The compound effect is about making small positive choices, and then reaping the rewards. And to embrace this way of life, we need to reframe how we think about results. Just because results aren't immediate, doesn't mean we should lose hope and be discouraged. Success is about persistence, so we need to stick with the small positive choices, and put in the work.

The compound effect doesn't come naturally to many of us because it's a

challenging system. If you're used to instant payoffs, you have to adjust your mindset and work hard. And, once we truly accept the fact that there really is no such thing as a "quick fix," success will come from continued effort and daily discipline compounded over time.

Now let's explore the fundamental tenets of the compound effect and how it can help us create new positive behaviors and propel us towards success.

## **Transform Big Goals Into Small Daily Habits**

*'Start your day with why, then get on with your what.'*

Before we chart out new habits, we need to set goals. Did you know that 83% of the population does not keep goals, according to a Harvard Business Study? Only 14% keep unwritten goals, and the remaining 3% keep written goals. What do you think the results are? The 14% with unwritten goals are ten times more successful than those with no goals. Furthermore, the 3% with written goals are three times better than the 14% with unwritten goals. Goals matter. And the more specific they are, the more we achieve.

The most significant impediment keeping us from achieving our goals is either focusing too much on outcomes, or focusing too much on obstacles. The premise of the compound effect is the small changes, so it's imperative to break goals into reasonable and achievable micro-goals.

The moment we come up with a "life goal" is when we need to develop the habit of turning that goal into a series of tiny daily habits. For example, if weight loss is a goal, then switch the candy bar you have

after lunch with an apple, or if publishing a novel is a goal, start by writing 300 words a day.

Finding the proper habit to help us reach our goal isn't always easy, and it does require some experimentation. However, once we can make manageable changes, things start to get interesting. Enter momentum. Momentum, or "Big Mo," is one of the most powerful driving forces that we have in our success arsenal.

## Inviting "Big Mo" to Show Up At our Door

*'You will never change your life until you change something you do daily.'*

When we apply our daily disciplines consistently, Big Mo shows up, and then we're virtually unstoppable. All of the greatest performers are friends with Big Mo. Olympic Champion Michael Phelps only finished training early once in 12 years. He was allowed to leave his training session 15 minutes early so that he could go to a school dance. This stringent routine culminated in eight Olympic gold medals.

Anyone who has tried to get into a state of flow or momentum knows how difficult it is. That's why our initial focus needs to be on creating a routine that we can consistently show up for, and we need to keep showing up until Big Mo kicks in and things start to feel a bit easier and more natural.

Hardy likens Big Mo to a space shuttle. Did you know that space shuttles use more fuel in the first few minutes of the trip than they do the entire rest of the journey? This is because the shuttle needs to escape the gravitational pull. The same logic applies to us. "The rocket launch phase"

is the hardest because it takes a ton of energy and hard work to rewire our brains and create new habits.

This is why we should scrap lofty ideas of trying to hit the gym for 2 hours every day. Instead, try three days a week for just half an hour. What matters is that we show up. Consistency is critical to success, and doing too much too soon sets us up for failure. It's in this routine where we find our rhythm, and stick to our good habits.

Our goal is to create a routine that enables us to ease into a new way of life. Subtle changes generate a lot of force, and we just need to stick to a routine long enough, in order for momentum to kick in, and for it to become a "way of life."

## **What Robs us of Big Mo?**

Three outside factors influence our choices. The first is mind input, the second is our associations, and the third is our environment. Our minds have a massive impact on our thoughts and behaviors. Think how many times you've talked yourself out of doing something? Then we need to scrutinize how our friends influence us and whether this has a positive or negative effect. Finally, our surroundings can either fuel or hinder our progress towards the life we want to live.



The lesson is that to keep momentum going; we should keep our physical and mental environment clutter-free. The trick is to eliminate situations that can cause us to stray from our goals. For example, the media can dampen our energy; the news can negatively affect our attitudes and expectations. We need to be hyper-critical of how outside factors make us feel, and gravitate towards positivity.

So far, we've explored how the effect of small actions, habits, decisions, and behaviors compound over time and lead to powerful improvements. But Hardy invites us to do one more thing. He says, 'Just adding a smidge more effort can accelerate and significantly improve the results we're after.'

## **Push Beyond Your Limits**

*'Don't wish it were easier; wish you were better.'*

As we progress, we're bound to hit a wall. The wall is the personal limit we don't think we can overcome. The question is, do we stop pushing or break through the wall?

Pushing through personal limits makes us stronger. You might be familiar with Arnold Schwarzenegger's famous "cheating principle" for weight training? When you've reached the maximum number of lifts, lean back to access other muscle groups to support the working muscles. Doing this enables you to add five or six more reps onto your set. We succeed and grow when we can push through all of the things holding us back, and when we can go further than we've gone before.

As we learned from The Miracle Morning, mediocrity needs to be

stamped out. A simple way to begin changing for the better is by doing the unexpected, going a bit further, and adding a little extra effort. These small acts separate us from the pack. So prepare better, push harder, last longer, and put more of your time and energy into important endeavors.

## **In Conclusion**

There is no quick fix for anything, and nothing substitutes good old-fashioned hard work. However, there are ways to work smarter and not to become bogged down or overwhelmed.

*The Compound Effect* shouldn't be viewed as a motivational book, but rather a book to set us on the path of actioning our goals and living the life we want.

All of us have the choice of whether to make the compound effect work for or against us. However, if we make intelligent choices, implement some small habit changes, and commit to consistency, then we will reap the benefits. And while some of the ideas are familiar to us, the book combines a lot of wisdom and shows how slowing down and pacing ourselves is more beneficial than racing towards the proverbial finish line.

Hardy explains that we often overestimate what we can get done in a week, and underestimate what we can do over time if we commit to goals and work consistently. Hardy helps us make little but lasting adjustments that yield tremendous results by providing time-proven strategies to increase our productivity and effectiveness.

As we learned from *Black Box Thinking*, often the best thing we can be, is 1% better every day.