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The Compound Effect by Darren Hardy

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The Compound Effect by Darren Hardy is one of the best books I have read this year. While not geared specifically to investments like I thought it would be, it is a very eye-opening book. Darren Hardy is a no-nonsense motivational speaker, and his success and determination are very apparent in the book.

Darren Hardy is the publisher of Success Magazine, and from page one, this book resonates with HOW TO BE SUCCESSFUL.

When I got the book, I thought it was going to be about how you win in the investing world by the compound effect. While it is true, this covers so much more than investments. I did an article a few months ago called the Rule of 72.

If you are not familiar with that rule, it is an accounting rule that makes it easy to determine how long it will take for your money to double. You take the percentage of return and divide it into 72. So if you get 12% interest, that means it will take 6 years. If you want to know how many years it will take to double your money if receiving 9%, you can also divide it into 72 and it will take 8 years.

Check out the article at:

<https://lifecanbesimple.net/blog/rule-of-72-and-investing-1-a-day>

What Darren Hardy explains in his book is that success is truly a mindset. Reminds me a bit of the book Limitless by Jim Kwik. You must learn that success comes in small consistent habits. If you have bad habits, you need to break those and replace them with good habits. Every single win comes from starting with small manageable steps.

What I learned from The Compound Effect:

Darren begins with the phrase “Slow and Steady wins the race.” He believes that given enough time, he can defeat anyone, just like the tortoise did to the hare in a fairy tale.

Darren was raised by his father in a single-parent home. His dad started him early in teaching him to have discipline. Each day as a child, Darren remembers his dad out in the garage pumping weights. He had a big sign over the barbells that said “No Pain, No Gain.” A former University football coach, he was out there daily working out. He did not believe in wimpy excuses, and would not let a player come out of a game unless they were puking, bleeding, or showing bone. Sounds pretty hard nose. My dad was

very similar in that he just wanted us to get the work done and keep our excuses and complaints to ourselves.

Darren relates much of his success to being taught to have discipline in his life, and I totally agree that it made a huge difference in my own life. I never in all my years of working ever had to have someone come up and tell me to get to work. We are supposed to work and that is why we are paid by our employers.

Darren's dad set an example in discipline, and had a saying: 'Be the guy who says "No". It's no great achievement to go along with the crowd. Be the unusual guy who is the extraordinary guy.' Darren never had trouble with drugs as he never wanted to let his dad down.

The Compound Effect reveals the "Secret" behind Darren's success. He believes it began with his dad modeling it and living it out day by day. He had to live that way, and that is the reason he has been so successful.

The Magic Penny Story. Darren asks if you were given an option, take 3 million dollars on Day 1 or a penny on day 1, and let it double in value for 31 days, which would you choose? Most every one of course would select the 3 million. However, if you multiple it out, on Day 30, your one penny that doubles each day would be worth 5.3 million. On Day 31, it kicks when it comes out to \$10,734,000. This is the effect of the compound effect. Slow steady builds win the race.

Everything done in small simple steps is the key to success. If you work slow, with consistent good habits day after day, you wind up winning. Choices, Behavior, and Habits send you up the ladder or down. Depends on what you choose and how consistently you do the same things over and over. Sit around watching tv all the time, be sure you won't accomplish much.

The choices we make are at the root of all results. Every decision we make alters the trajectory of our life. To be effective, we must own 100 percent of our actions. To be accountable is the beginning of the compound effect.

Preparation + attitude/mindset + opportunity + action = luck. Luck is truly earned, not just some random happening. Arnold Palmer, the great golfer, said “It is funny. The more I practice, the luckier I get.”

To get a handle on our lives, we must track everything. Darren urges everyone to get a little notebook and for 3 weeks, write down everything. Every penny you spend, every food you eat, every use of your time, everything you do in regards to exercise. Then you can see where your mistakes are being made so you can make improvements.

Most people have no idea how much time they are wasting watching mindless drivel on television. Watching the news can cause us to be depressed. And we waste so much money. He gives an example of the \$4 latte which many spend daily on the way to work. In 3 weeks, it costs you \$60. In a year, that is over \$1,000. In 20 years, if you count the compound effect of simple interest, you have thrown away \$51,000. Buy a \$10 gallon can of coffee and you have enough to make coffee for over a month.

Habits are very important. Aristotle said, “We are what we repeatedly do.” 95% of all we think, feel, or do is a result of a learned habit. The core motivation for doing the things we're doing is based on your Core Values. It is crucial to write down what makes up your core values. I watched a one-hour video presentation Mr. Hardy put on, and he had us write down those core values and stressed we must never do anything that compromises our core values, regardless of the money we might make. In the same presentation, he had us write down our definition of Success. That means so many different things to people.

In The Compound Effect, he gives us 4 strategies to clean up bad habits.

1. Identify your triggers as to what motivate you. The who, what, when, and where that is triggering a bad habit.
2. Clean house – scrub out the bad and get rid of it.
3. Swap your bad habit with a new good habit.
4. Ease in and start slow with new habits OR Jump in with both feet and immerse yourself with a new good habit.

Be patient with yourself in breaking old habits. Some will be difficult.

Momentum plays a big part in the compound effect. Big Mo is the main force in our success. Darren Hardy gives the sample of the Merry Go Round which we all played with on the school ground. Very hard to get it rolling, but once started, it turns and turns on its own. Our lives lived in a successful mode have this same kind of Momentum and Compound Effect.

We are affected by 3 kinds of influences in our lives.

1. Input – What do you feed your mind?
2. Association – Who do you spend time with each week?
3. Environment – What kind of surroundings do you have?

We can not let garbage come into our lives. The result is the old computer adage of Garbage in, Garbage out. What we take in has much to do with what we put out in our lives. Darren urges us to limit our intake of television or media to one hour per day. Spend worthwhile time with our families. Cut back on watching the news or reading non-pertinent news. We need to be sure those having input into our lives have a positive influence. Reduce or eliminate all negativity.

Invest in good relationships and associate only with those that share your passion for excellence and positivity. Change your perspective and be sure it aligns with your core values. Go way beyond others' expectations. Those who go the extra mile become EXTRAORDINARY. Strive to always be extraordinary.

Motivation without action will only lead to self-delusion. We must act on the areas of our lives that need improvement. The compound effect is a tool that when combined with positive and consistent action will make a huge difference in your life. Make your life different... make it one with significance. Darren Hardy urges us to give generously of our time and energy, and the ripple effect will be a great blessing back to us.

I urge you to read this book. This is another book like Richard Kiyosaki's

Rich Dad Poor Dad where you must question your limiting beliefs. I am not saying to question God or the accuracy of the bible, but question what habits you have and modify those to let yourself have a full, joyful life that will be a blessing to your family and everyone who associates with you.

I watched a podcast on DarrenDaily.com, and he urges his listeners to figure out what would improve their life the most. Then in each quarter of the year, study that one thing. For instance, in quarter 3, I decided to try and eliminate all negative self-talk and replace that bad habit with a good one.

He suggested reading 5 books on that topic and zeroing in on that one thing. I searched for Amazon books using the search “Free kindle books Negative Self Talk” and then “Free Kindle books Positive Thinking” and found more than 20 books in these 2 searches. I downloaded the ones that appeared to be the best for me. I intend to read all 8 of those books and strive to eliminate one more bad habit and replace it with a good habit. All of this is just an example of using some of the ideas from Darren Hardy which first started my thinking in “The Compound Effect.”

I Highly recommend this book.

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