“Before I begin telling you what I think, I want to establish that I’m a ‘dumb shit’ who doesn’t know much relative to what I need to know. Whatever success I’ve had in life has had more to do with my knowing how to deal with not knowing than anything I know. The most important thing I learned is an approach to life based on principles that help me find out what’s true and what to do about it.

I’m passing along these principles because I am now at the stage in my life in which I want to help others be successful rather than to be more successful myself. Because these principles have helped me and others so much, I want to share them with you. It’s up to you to decide how valuable they really are and what, if anything, you want to do with them.”

~ Ray Dalio from Principles

Ray Dalio is one of the most successful people alive.

In fact, Time magazine says that he’s one of the 100 most influential people on the planet while Fortune magazine tells us his company (Bridgewater Associates) is the 5th most impactful private company in the U.S. and Forbes tells us that he’s one of the 100 wealthiest people on the planet. (Nice trifecta, eh?!)

All of which makes Dalio, to use his words, “believable” when it comes to discussing how to get what we want in life and work.

Enter: Principles.

The book is an incredibly thoughtful and thorough look at the “fundamental truths that serve as the foundations for behavior that gets you want you want in your life. They can be applied again and again in similar situations to help you achieve your goals.”

The book has three parts. Part I: Where I’m Coming From is about Dalio’s life story. Essentially a mini-autobiography. Part II is about Life Principles and Part III is about Work Principles. Dalio plans to publish another volume with two other parts, Economic and Investment Principles.

As I tried to wrap my brain around how to capture my favorite Ideas in the 567-page, epically dense tome, I realized that it might be best to do one Note on Life Principles and another one on Work Principles. So, that’s what we’re going to do. This Note will cover Dalio’s life and Life Principles. We’ll come back to Work Principles later.

Having said all that, I absolutely loved the book. It’s wonderfully confronting and thought-provoking and empowering. And, quite simply, one of the best books I’ve read. (Get a copy here.)

(To put it in perspective, Bill Gates says this on the front cover: “Ray Dalio has provided me with invaluable guidance and insights that are now available to you in Principles.”)

I’m excited to share some of my favorite Ideas (with, as always, an emphasis on stuff we can apply to our lives TODAY!) so let’s jump straight in!
"Go to the pain rather than avoid it. If you don’t let up on yourself and instead become comfortable always operating with some level of pain, you will evolve at a faster pace. That’s just the way it is."

– Ray Dalio

STRIVE FOR A LOT + FAIL WELL

“I learned my principles over a lifetime of making a lot of mistakes and spending a lot of time reflecting on them. Since I was a kid, I’ve been a curious, independent thinker who ran after audacious goals. I got excited about visualizing things to go after, had some painful failures going after them, learned principles that would prevent me from making the same sort of mistakes again, and changed and improved, which allowed me to imagine and go after even more audacious goals and do that rapidly and repeatedly for a long time. ...

I believe that the key to success lies in knowing how to both strive for a lot and fail well. By failing well, I mean being able to experience painful failures that provide big learnings without failing badly enough to get knocked out of the game."

That’s from the Introduction where Dalio sets the stage for the rest of the book. That model of setting audacious goals, failing, learning, improving and then setting more audacious goals sets the tone for the whole book. It’s also captured in an elegantly simple image. (Check it out here.)

Those loops from goal to failure to learning to improving (Optimizing!) to even more audacious goals represents a dynamic evolution that Dalio says is the whole point of life.

We’re going to revisit this looping model in a moment in the context of his 5-Step Process to Get What You Want in Life. But first, let’s take a quick look at why failure (and failing well) is so important and then we’ll get clear on what Dalio thinks is most important in life.

Regarding the importance of failure, Dalio shares his own failures and tells us: “Over the years that followed, I found that most of the extraordinarily successful people I’ve met had similar big painful failures that taught them the lessons that ultimately helped them succeed. Looking back on getting fired from Apple in 1985, Steve Jobs said, ‘It was awful tasting medicine, but I guess the patient needed it. Sometimes life hits you in the head with a brick. Don’t lose faith. I’m convinced that the only thing that kept me going was that I loved what I did.’

I saw that to do exceptionally well you have to push your limits and that, if you push your limits, you will crash and it will hurt a lot. You will think you have failed—but that won’t be true unless you give up. Believe it or not, your pain will fade and you will have many other opportunities ahead of you, though you might not see them at the time. The most important thing you can do is to gather the lessons these failures provide and gain humility and radical open-mindedness in order to increase your chances of success. Then you press on.”

WHAT’S MOST IMPORTANT?

“While making money was good, having meaningful work and meaningful relationships was far better. To me, meaningful work is being on a mission I become engrossed in, and meaningful relationships are those I have with people I care deeply about and who care deeply about me.

Think about it: It’s senseless to have making money as your goal as money has no intrinsic value—its value comes from what it can buy, and it can’t buy everything. It’s smarter to start with what you really want, which are your real goals, and then work back to what you need to attain them. Money will be one of the things you need, but it’s not the only one and certainly not the most important one once you get past having the amount you need to get what you really want.

When thinking about the things you really want, it pays to think of their relative values so you weigh them properly. In my case, I wanted meaningful work and meaningful relationships equally, and I valued money less—as long as I had enough to take care of my basic needs. In thinking about the relative importance of great relationships and money, it was clear that relationships were more important because there is no amount of money I would take in exchange for a meaningful relationship, because there is nothing I could buy with that money that would be more valuable. So, for me, meaningful work and meaningful relationships

* Learning to meditate helped too. When the Beatles visited India in 1968 to study Transcendental Meditation at the ashram of Maharishi Mahesh Yogi, I was curious to learn it, so I did. I loved it. Meditation has benefited me hugely throughout my life because it produces a calm open-mindedness that allows me to think more clearly and creatively."

~ Ray Dalio

* Go to the pain rather than avoid it. If you don’t let up on yourself and instead become comfortable always operating with some level of pain, you will evolve at a faster pace. That’s just the way it is.”

~ Ray Dalio
were and still are my primary goals and everything I did was for them. Making money was an incidental consequence of that."

Recall that Ray Dalio is one of the 100 wealthiest people on the planet.

Was making money his primary goal? No. It was not. It was an “incidental consequence” to his “real goals” of creating meaningful work and meaningful relationships.

In Abundance 101, we talk about the fact that, as we think about creating material wealth in our lives, we want to make sure we do so with an eye on the ultimate currency—the reason we do anything. You know what that is?

HAPPINESS! The only reason we do *anything* is because we think it will make us happy. Of course, it’s wise to step back and make sure we define what happiness means to us and then choose the most efficient means to attain it, eh?

I suggest we pursue a deep, eudaimonic sense of happiness that comes from a sense of flourishing. As Martin Seligman tells us in *Flourish* via his PERMA model, that includes Positive emotion (aka, we’re enjoying ourselves!), Engagement (in what? meaningful work!), Relationships (!), Meaning, and Achievement.

Guess what? You can boil all that down into two simple things: Meaningful work and meaningful relationships. So... Let’s make those our REAL goals as we remember our ultimate currency and pursue our happiness wisely.

P.S. In Abundance 101 I share Dalio’s story and Stephen King’s. King has the same attitude. In *On Writing*, he tells us that he “never set a single word down on paper with the thought of being paid for it... I have written because it fulfilled me. Maybe it paid off the mortgage on the house and got the kids through college, but those things were on the side—I did it for the buzz. I did it for the pure joy of the thing. And if you can do it for the joy, you can do it forever.”

SHAPERS = HEROES + ACTUALIZERS

“Then I spoke with proven shapers I knew—Bill Gates, Elon Musk, Reed Hastings, Muhammad Yunus, Geoffrey Canada, Jack Dorsey (of Twitter), David Kelly (of IDEO), and more. They had all visualized remarkable concepts and built organizations to actualize them, and done that repeatedly and over long periods of time. ...

It turns out they have a lot in common. They are all independent thinkers who do not let anything or anyone stand in the way of achieving their audacious goals. They have very strong mental maps of how things should be done, and at the same time a willingness to test those mental maps in the world of reality and change the ways they do things to make them work better. They are extremely resilient, because their need to achieve what they envision is stronger than the pain they experience as they struggle to achieve it. Perhaps most interesting, they have a wider range of vision than most people, either because they have that vision themselves or because they know how to get it from others who can see what they can’t. All are able to see both the big pictures and the granular details (and levels in between) and synthesize the perspectives they gain at those different levels. They are simultaneously creative, systematic, and practical. They are assertive and open-minded at the same time. Above all, they are passionate about what they are doing, intolerant of people who work for them who aren’t excellent at what they do, and want to have a big, beneficial impact on the world.”

Dalio is a big fan of personality assessments and spends some time unpacking them in Principle 4: Understand that People are Wired Very Differently.

In this context, he had some of his friends spend an hour of their time on personality assessments to “discover their values, abilities, and approaches.” The passage above captures what he discovered. A sort of optimal archetype he calls “Shapers.”
Which reminds me of Abraham Maslow’s “Self-Actualizer” and Joseph Campbell’s “Hero.” In *Motivation and Personality*, Maslow describes the 19 characteristics of his Self-Actualizer. If you haven’t checked them out lately, I highly recommend the Note. You’ll enjoy the parallels.

And, although Dalio humbly resists calling himself or his friends “heroes,” the chapters in his story are mapped out according to Campbell’s model: “My Call to Adventure,” “Crossing the Threshold,” “My Abyss,” “My Road of Trials,” “The Ultimate Boon,” and “Returning the Boon.” I’m also reminded of Mihaly Csikszentmihalyi’s book *Creativity*. He did his own research on eminent creators and his #1 finding was the fact that they were, like Dalio’s Shapers, COMPLEX. For our purposes, what Shaper qualities do you see in yourself? What can use some work?

**PRINCIPLE #1: EMBRACE REALITY AND DEAL WITH IT**

“Learning how reality works, visualizing the things I want to create, and then building them out is incredibly exciting for me. Stretching for big goals puts me in the position of failing and needing to learn and come up with new inventions in order to move forward. I find it exhilarating being caught up in the feedback loop of rapid learning—just as a surfer loves riding a wave, even though sometimes it leads to crashes. Don’t get me wrong, I’m still scared of the crashes and I still find them painful. But I keep that pain in perspective, knowing that I will get through these setbacks, and that most of my learning will come from reflecting on them. Just as long-distance runners push through pain to experience the pleasure of ‘runner’s high,’ I have largely gotten past the pain of my mistake making and instead enjoy the pleasure that comes with learning from it. I believe that with practice you can change your habits and experience the same ‘mistake learner’s high.’”

That’s Life Principle #1: “Embrace Reality and Deal with It.”

Our goal? Fall so in love with the process of learning and the mistakes that are an ESSENTIAL (!) part of that process that we experience “mistake learner’s high.”

How? Well, each Principle has sub-principles. Sub-principle 1.1: “Be a hyperrealist.”

Dalio says: “I have become so much of a hyperrealist that I’ve learned to appreciate the beauty of all realities, even harsh ones, and have come to despise impractical idealism.” And... “My point is that people who create great things aren’t idle dreamers: They are totally grounded in reality. Being hyperrealistic will help you choose your dreams wisely and then achieve them.”

Which then leads to a formula in 1.1.a “Dreams + Reality + Determination = A Successful Life.”

<— Sounds a lot like WOOP, eh? Indeed it does. Start with a dream. Rub it up against reality. Add some gritty determination and voila! Successful life.

btw: Our last Note was on *The Telomere Effect* by Nobel Prize winner Elizabeth Blackburn. Her #1 recommendation to Optimize our telomeres? When we face problems, we need to learn how to shift from a threat response to a challenge response.

You know what the ultimate by-product of that mastery is? A mistake-learner’s high.

**PRINCIPLE #2: USE THE 5-STEP PROCESS TO GET WHAT YOU WANT**

“It seems to me that the personal evolutionary process—the looping I described in the last chapter—takes place in five distinct steps. If you can do those five things well, you will almost certainly be successful. Here they are in a nutshell:

1. Have clear goals.
2. Identify and don’t tolerate the problems that stand in the way of your achieving those goals.
3. Accurately diagnose the problems to get at their root causes.

* I’ve always been an independent thinker inclined to take risks in search of rewards—not just in the markets, but in most everything. I also feared boredom and mediocrity much more than I feared failure. For me, great is better than terrible, and terrible is better than mediocre, because terrible at least gives life flavor.

— Ray Dalio

* I define believable people as those have repeatedly and successfully accomplished the thing in question—who have a strong track record with at least three successes—and have great explanations of their approach when probed.

~ Ray Dalio

* I’ve always been an independent thinker inclined to take risks in search of rewards—not just in the markets, but in most everything. I also feared boredom and mediocrity much more than I feared failure. For me, great is better than terrible, and terrible is better than mediocre, because terrible at least gives life flavor.

— Ray Dalio
“Design plans that will get you around them.

Do what’s necessary to push these designs through to results.”

Welcome to Principle #2: The 5-Step Process to Get What You Want in Life.

This looping process mirrors our prior loop. We start with a Goal then we run into a Problem. We need to Diagnose that problem then Design a solution to it then get to work Doing what needs to get done to execute the solution. (Here’s an elegant image for that.)

**Goals + Problems + Diagnosis + Design + Doing.** ← I’ve been using this model a TON in my own life and in my 1-on-1 coaching work. It’s REALLY (!!!) powerful.

It’s essentially an even more practical WOOP process designed by an EXTREMELY “believable” and accomplished achiever. Please take the time to walk through it now. (Seriously.)

1. What’s your most important **Goal** right now? (Clearly define it, know your why, etc.)
2. Now, what **Problems** are you facing that are preventing you from achieving your goal?
3. Take the time to **Diagnose** the problem. What, specifically, isn’t working?
4. Now, **Design** a solution to that problem. What do you need to do?
5. Finally, go do what needs **Doing**. (And repeat the process with even more audacious goals.)

Here’s how I recently applied to my life/our biz. **Goal**: Continue to expand impact to fulfill Purpose; specifically: go from 10,000 to 25,000 members. **Problem**: Our growth was stagnant; **Diagnosis**: Our marketing sucks (or, more precisely, was nearly non-existent—lol); **Design**: Insert marketing strategy that will help us grow; **Doing**: Go crush that strategy.

The important thing to note here is that, when we become hyperrealists, we quit ignoring reality or wish that things were different than they are. Instead, we KNOW that audacious goals come with problems and then we have fun ruthlessly analyzing what’s up and seek solutions.

What’s firing you up these days? What problems are you facing? How will you crush it? 5 step it!

**2 A I S: A RTIFICIAL I NTELLIGENCE + A NCIENT I NTELLIGENCE**

“The concept of artificial intelligence is not new. Even back in the 1970s, when I first started experimenting with computerized decision making, it had already been around for nearly twenty years (the term ‘artificial intelligence’ was first introduced in 1956 at a conference at Dartmouth College). While a lot has changed since then, the basic concepts remain the same.

To give you just one ultrasimple example of how computerized decision making works, let’s say you have two principles for heating your home: You want to turn the heat on when the temperature falls below 68 and you want to turn the heat off between midnight and 5:00 a.m.

You can express the relationship between these criteria in a simple decision-making formula: If the temperature is less than 68 degrees and the time is not between 5:00 a.m. and midnight, then turn on the heat. By gathering many such formulas, it’s possible to create a decision-making system that takes in data, applies and weighs the relevant criteria, and recommends a decision.”

That’s from Principle #5: “Learn How to Make Decisions Effectively.”

For those who may not know, one of Dalio’s strokes of genius was integrating an astonishing amount of historical data with computer-driven algorithms to make investment decisions. He brilliantly combine human intelligence with machine intelligence and tells us that algorithms are SUPER powerful and that “Your children and their peers must learn to speak this language because it will soon be as important or more important than any other language.”

In Principle #4, he talks about how much he loved Charles Duhigg’s *The Power of Habit*. I want to connect those two concepts here and propose that THE most important algorithms we (and
our kids) can learn are the ones that program our brains to do Optimal things on autopilot.

So... I say we have two AIs: Artificial Intelligence—which, of course, is fascinating and powerful. But let’s not forget about another AI: Ancient Intelligence. Specifically, let’s rewind the clock 500 million+ years to the origins of our basal ganglia—that part of our brain that helps put repetitive behaviors on autopilot. Let’s write algorithms to program *that* AI!

How? Precisely the same way Dalio tells us to program our heater and psychologists tell us to set “implementation intentions”: If, then...

Step 1. Decide you want to warm up the house that is your life. Identify the behaviors that keep you nice and warm and happy-toasty. Start programming your AI. For me, it looks like this:

If it’s 5:00 p.m. then it’s shut-down complete and family time. If it’s sundown, then all electronics go off. If it’s after dinner/family time then I read to Emerson. If I’ve read to Emerson then I go to bed. If I wake up in the morning then I meditate, move, and do Deep Work. If my 1,000-second timer goes off and I’m sitting and I haven’t done 25 sets of burpees yet then I stand up and bang out 11 burpees. If I feel fear then I say, “Bring it on!” and do what needs to get done. If this then that. Non-stop Optimize-AI party all day every day.

That’s the ultimate AI. As Dalio says, traditional AI programming can increase productivity by 100,000 fold. Here’s how I do that math with our Ancient Intelligence: If you can make a decision to do the Optimal thing ONCE you save the effort (and enormous amount of willpower) of deciding 1,000+ times. You make 100 wise decisions like that and you just increased your Optimizing efficiency 100,000 fold.

I say we do that. In fact, I challenge you to see if you can come up with 100 algorithms like that! And note: The #1 algorithm? One word: Areté. Here’s to honoring your Principles in pursuit of success in what matters most!

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About the Author of “Principles”

RAY DALIO

Ray Dalio is the founder and co-chairman of Bridgewater Associates, which, over the last forty years, has become the largest and best performing hedge fund in the world. Dalio has appeared on the Time 100 list of the most influential people in the world as well as the Bloomberg Markets list of the 50 most influential people. He lives with his family in Connecticut.

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Brian Johnson loves helping people optimize their lives so they can actualize their potential as he studies, embodies and teaches the fundamentals of optimal living—integrating ancient wisdom + modern science + practical tools. Learn more and optimize your life at optimize.me.