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Context to the nugget

James speaks about the shape of the compounding curve and speaks about how we should think about motivating ourselves to persist despite no visible progress in the lower parts of the curve where the outcomes are not apparent. He specifically talks about the notion of the plateau of latent potential where suddenly the cumulative efforts bear fruit in a dramatic fashion. He speaks about the kind of feedback loops we need to set for ourselves and the markers that will help us chip away at foothills of the compounding curve.

Transcription

Deepak Jayaraman (DJ): And just picking up on the thing you just said James you also say that progress is often exponential and not linear and in a similar note you talk about the notion of plateau of latent potential. Could you talk about these two themes in the context of how people think about habits and also the kind of feedback loops they set for themselves as they are building the habits?

James Clear (JC): Yeah, good question. So, let's talk about the idea of compounding an exponential progress first. So, I like to refer to habits as the compound interest of self-improvement and what I mean is that the same way that money multiplies through compound interest the effects your habits multiply as you repeat them across time and the challenging part of any compounding process is that the greatest returns are delayed and so on day 1 or day 10 or day 30 you don't really have very much to show for your effort, the curve only takes off down the line once you hit that hockey stick portion once it really takes off and this is exactly what it feels like to building new habit, like what is the difference on day 1 of eating a salad for lunch or eating a burger and fries, not a whole lot, you know, like your body looks the same in the mirror at the end of night, the scale hasn't really changed, you don't really have anything to show for the effort that you are putting in. It's only 2 or 5 or 10 years later that you turn around and it's like wow, those daily habits really do add up. So, in that way building habits is kind of like this exponential curve, you rethink I will put a little bit of work in and I will get a little bit results so I'll put a lot of work in and there will be a lot of results. But really, it's much more about time and letting it work for you and just getting 1% better each day can count for something very significant in the long run. And so, this is what I like to say if you have good habits, good habits make time your ally, all you need is for time to work for you, to let another day move by and you could continue to be put in a better and better position. But bad habits make time your enemy. Every day that clicks by you are putting yourself a little bit further behind it or you are digging the hole a little bit deeper. So, for all of those reasons I think habits are what we can say the compound interest in self-improvement. Now, the next step at this is what you are mentioning what the plateau linked potential and the basic idea here is this challenge and I just mentioned where the returns are delayed, you show up and you are not seeing the results that you want and I like to

summarize those by telling a brief little story which is imagine that you walk into a room and it's cold, you can see your breath, ice cube is sitting on the table and you start to heat the room up slowly, you would go and say, do you want me to use Fahrenheit or Celsius, what would your audience get better?

DJ: Celsius is better

JC: Okay, alright so let's say we are heating up this ice cube right and it's I don't know, -5 degrees or something like that and you are heating it up, -4, -3, -2, -1 and the ice cube is still sitting there, you can still see your breath but then you go from -1 to 0 and it's a 1-degree shift just like all those that came before it but suddenly the ice cube melts, you hit this phased transition and the process of improving is very much like that. The process of building better habits and getting results is very much like the process of heating of an ice cube. You hear people say things like this all the time, they'll say like I have been running for a month but I can't see a change in my body, and my argument is running for a month and complaining about not seeing the results you want or writing your book for eight months and not having it be finished yet, it's kind of like complaining about heating an ice cube from -5 to -1 degrees and not melting, like the work was not being wasted, it's just being stored and so you can view each iteration of your habit as building up this potential energy that can then be released later on. I think about there's this quote from the San Antonio Spurs NBA basketball teams, they have won five championships and they have this quote hanging in their locker room and it says something to the effect of when I feel like giving up I think about the stone cutter who takes his hammer and bangs on the stone a 100 times without it showing a crack and then one the 101st blow it splits in two and I know that it wasn't the 101st that did it but all those that came before and that is true for pretty much any habit, right, like it's not the final sentence that writes the book, it's all those that came before, it's not the latest workout that gets your body fit, it's all those that came before. So, the willingness to accept that 1% improvements make a meaningful difference even if they don't show you anything on a given day and then remaining committed to that in the long run, that I think is how you capture the power of compounding habits and of letting 1% percent improvements work for you rather than against you.

DJ: And if I may reconcile this with the point about working hard on the things that come easy and looking for where you are seeing success and really doubling down on it, at some level I see a little bit of a paradox here right where here you need to chip away at something and suddenly there's a phase transition where you see the outcomes. With that sort of a delay in knowing where you are seeing outcomes how do you relay that to the context of where you are trying to build habits? Do you see a little bit of a complexity there that we need to navigate through?

JC: There is definitely a challenge with the speed at which you get feedback. So, the faster you can get feedback the more likely you are to stick to it. Actually, we could rephrase feedback a little bit to say the faster that you get signals of progress, the more that you get signals of progress the more motivated you are going to feel to stick with it. If you don't have signals of progress then it feels like you are just kind of stuck in this valley of death and spinning your wheels. So, there are a couple of ways to overcome this. The first thing, and I have a chapter in the book where I talk about measurements and both the pros and cons of it, how it can kind of work for you but the first thing is you want to choose a measurement that delivers feedback at the right pace because if we get feedback too quickly, it just kind of noise and you are like overreacting to everything, if you get feedback too slowly then it takes too long and we were into the problem that you just mentioned which is what you say you need to stick with but how do I know if this is actually working for me, how do I know if this is something that I am inclined to be good at. So, you can imagine for example let's take a workout. If you only measure the number of the scale while that might not actually be too slow because you might not actually change your weight in any meaningful way until like over a

two-week span or something. If you measure say your blood glucose levels that might be too fast or your heart rate or your blood pressure because it might change very rapidly during the workout. But if you do something like tracking your workout, like just putting x on the calendar each day that you swim or go for a run or lift weights, well that like is feedback at the right pace which is I showed up and I did the workout today and so I can feel good about that and seeing another x on the calendar is like a signal of progress that I am building up this chain of habits, this chain of workouts. So, I am not waiting too long and I am not overreacting to something too short but figuring out that measurement, that right pace, it might take a little bit of experimentation depending on the habit you are working on but the point that you bring up is a really good one which is we do face this challenge where in many fields, pretty much any field, persistence and reliability and consistency will get you better results but along the way you really need some signals of progress so that you can be sure that you are on the right path and not just repeating something that isn't going to pay off in the longer run.

Reflections from Deepak Jayaraman

DJ: How we think about setting up feedback loops during transition is a personal passion project of mind because when people are in transition, not only are they at the foothills of the compounding curve, they are also in a phase of identity vacuum and they are keen to cling on to the first straw that comes their way. Prof Herminia Ibarra (HI) of London Business School, one of the leading thinkers in the space of transitions speaks about the notion of liminality where she says that there is a phase where you are neither here nor there and we need to be comfortable with trying a few things and letting it play out over a period of time before we pick something. She says that leaders often make a mistake of foreclosure or settling too soon for an option.

HI: *"so the two principle are you said divert and exploration and delayed commitment. Diversion and exploration is what I mean by that whenever I teach people who are in transition one of the first thing I do is I say write a list of your possible selves they don't have to be feasible they don't have to be public they have to be something you are committing to do but just relay your imagination run while what's the set of possibilities kind of brainstorming with yourself don't embarrass to write even if it is ridiculous put it in there and its really interesting work people come up and its quite in fact we are very multiple and often quite diversion does it mean you are gone do all of those things and certainly not at the same time but when you get permission to be diversion there is a lot there and in fact one of the things that is hard for people in transition is they feel that they must not be ready because they are considering such a different array of options and they feel that somehow that's wrong that they are equally passionate and excited about two things it seems mutually exclusive while get it promoted on my current firm and then starting up a business on something completely different and one day you are excited about this and the other day you are excited about that and you think you are out of your mind. But in fact what we are doing is trying to explore and compare and contrast and how I fell here and how did I feel there and so when you give yourself and that's why takes time that's why the time factor plays in to explore more divergently and say this is actually this is natural and is gives me more information so that then I can make the right choice you make better decisions and you are less likely to so the other thing the foreclosure which is take the first thing that comes to your way because it's been 6 months and I can't tell people anymore that I'm still you know out of work. So the delayed commitment comes from understanding that its gone take time and you are not gone go for the first things that comes up or the second things into you really had a chance to test because once you jump you are gone be stuck there at least another 2 years and so why not take a little longer at the beginning in order to make a robust choice."*

DJ: As we think about compounding curves and latent potential especially during transitions, it is critical that we don't measure the wrong thing too soon and look for outcomes which might take a longer period of time.

A related point came up in my conversation with the stand-up comedian Papa CJ (P.CJ), who had an MBA from Oxford and was working as a Management Consultant. He speaks about his challenges in the early stages of Stand up

P.CJ: "I was the hardest comedian in UK, and normally there is 500 comedians competing for the same gig, I was a kind of guy who would go anywhere, any time for no money, and a lot of shows were outside the London, so for example I would leave London at 4 o'clock in the afternoon drive to some city in the UK with the bunch of other comedians do a show there, I was nervous I wouldn't eat probably couldn't afford food that time, drive back get dropped out in the outskirts of the London at 2 o'clock in the morning, I would pay the driver my share of petrol, keeping in mind I wasn't getting paid for any of these shows, I would change three different buses to get back home and get home at about 4 o'clock in the morning, I did this every single day for an entire year but at the end of that year you have no money, no friends, no relationships, no life, but every single comedy promoter in country knows your name, that's where you start from"

DJ: In these situations, there is something to be said about measuring balance sheet metrics rather than P&L metrics. To take CJ's example, while he didn't have meaningful cash flows from the business in the first year, he had an asset of relationships with the ecosystem and he could build on that moving forward.

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End of nugget transcription

Nugget from Herminia Ibarra that is referenced: [The perils of foreclosure.](#)

Nugget from Papa CJ that is referenced: [Plunging into Stand-Up.](#)

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- 52.00 James Clear - The Full Conversation
- 52.01 James Clear - Journey to studying habits
- 52.02 James Clear - Building habits in the right areas
- 52.03 James Clear - Keeping the identity small
- 52.04 James Clear - Plateau of latent potential
- 52.05 James Clear - Systems versus Goals
- 52.06 James Clear - Building habits with awareness
- 52.07 James Clear - Environment and habits
- 52.08 James Clear - 2 minute rule - the gateway habit

About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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