- [Narrator] Principles For Success.

An ultra mini-series adventure

in 30 minutes, and in eight episodes.

Episode one, The Call to Adventure.

Before we begin, let me just establish the fact

that I don'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 my not knowing than anything I know.

That I should be telling other people what to do

sounds kind of presumptuous to me,

but I'm going to do it,

because I believe that the principles

that have made me successful

could help others achieve their own goals.

I'm now at a stage in my own life

in which it is much more important to me

to pass along what I've learned about how to be successful

than to seek more success for myself.

What you choose to do with these principles is up to you.

You have to be an independent thinker,

because only you can develop your own principles

based on your own values.

This brings me to my first and most fundamental principle,

which is that you need to think for yourself

about what is true.

So let's get started.

Early on, I discovered I needed principles.

Principles are smart ways for handling things

that happen over and over again in similar situations.

There are principles for everything,

from skiing to parenting to cooking, and so on.

I'm going to share some of my most important,

overarching, life principles that influence

how we approach everything that we do.

I didn't start out with principles.

I acquired them over a lifetime of experiences.

Mostly, from making mistakes and reflecting on them.

My life principles are simple, but they're not complete.

I still struggle to make the best decisions,

and I still make mistakes

and learn new principles all the time.

This is the reality.

At the beginning, I needed to escape

the conventions that surrounded me,

which meant that I needed to think for myself.

Unless you want to have a life that is directed by others,

you need to decide for yourself what to do,

and you need to have the courage to do it.

But I didn't know that at first.

I only learned that from going on my adventure.

Looking back on my own journey,

I now see that time is like a river

that carries us forward into encounters with reality

that require us to make decisions.

We can't stop our movement down this river,

and we can't avoid the encounters.

We can only approach them in the best possible way.

In your lifetime, you will face millions of decisions.

The quality of your decisions will determine

the quality of your life.

Over the course of my lifetime,

the most valuable things I've learned

were the results of mistakes I reflected on

to help form principles

so I wouldn't make the same mistakes again.

These principles took me from being a very ordinary

middle class kid from Long Island

to becoming very successful

as judged by conventional measures.

They also gave me the meaningful work

and meaningful relationships that I value

even more than these conventional successes.

People often ask me how I did it.

I can assure you it wasn't because

of my uniqueness as a person.

It was the result of a unique approach to life

I believe almost anybody can adopt.

It starts with embracing reality and dealing with it.

The path you take in life is your most important decision.

In my case, I wanted my life to be great,

and I feared boredom and mediocrity

more than I feared failure.

Since I didn't start out with money,

and I didn't need much more than a bed to sleep in

and food to eat,

I could skew my decisions to pursue my adventures.

So ever since I was a kid,

I ran after the things I wanted, crashed,

got up and ran again, and crashed again,

and each time I crashed, I learned something,

got better, and crashed less.

By doing that over and over again,

I learned to love this process,

even the crashing part of it.

Through it, I encountered reality,

and I learned how to deal with it,

which inspired another one of my most fundamental principles

which is that truth is the essential foundation

for producing good outcomes.

By truth, I don't mean anything more

than the way the world works.

I believe that we were given the laws of reality by nature.

Humans didn't create them, but we can use them

to foster our own evolution and achieve our goals.

Realizing that made me a hyper-realist,

by which I mean I became someone

who has discovered the great rewards

of deeply understanding, accepting,

and working with reality as it is,

and not as I wish it would be.

When I say I'm a hyper-realist,

people sometimes think I'm saying

that dreams can't come true.

That's absolutely not true.

Without pursuing dreams, life is mundane.

What I mean is that, to me,

hyper-realism is the best way to choose one's dreams

and then achieve them.

Having big dreams, plus embracing reality,

plus having lots of determination

will bring you a successful life.

I believe this formula is true for everyone.

But what does a successful life look like?

We each have to decide for ourselves what success is.

I don't care whether you want to be a master of the universe

or to live under a palm tree, or anything else.

I really don't.

Each of us chooses goals based on our values

and decides on the best path to achieve them.

But we all need approaches

to making decisions that work well,

especially when facing problems, mistakes, and weaknesses

that stand in our way.

To succeed, we must embrace all our realities,

especially the harsh realities that we wish weren't true.

At first, looking at these harsh realities

caused me a lot of pain.

But I learned that this pain was just psychological,

and that my seeing things differently

made all the difference.

I came to view problems like puzzles

that would reward me if I could solve them.

They would help me deal with the problem at hand,

and they would give me principles

for dealing with similar problems in the future.

I learned to treat pain as a cue

that a great learning opportunity is at hand,

which led me to realize that pain

plus reflection equals progress.

Meditation has been invaluable

in helping me see things that way.

I found that when I calmed myself down

and embraced my realities, and dealt with them,

the rewards brought me pleasure, and the pain faded.

Each of us has the unique capability to think logically,

to reflect on ourselves, and our circumstances,

and to direct our own personal evolution.

Doing this well is just a matter of following

a simple five-step process. (warm music)

We've discussed how important it is

to reflect carefully after experiencing pain.

When I did this, I was usually able to discover principles

that would prevent me from repeating

the same mistakes in the future.

And I could see that being successful

simply consisted of five steps.

Step one is to know your goals and run after them.

What is best for you depends on your nature,

so you need to really understand yourself

and know what you want to achieve in life.

Step two is to encounter the problems that stand in the way

of getting to your goals.

These problems are typically painful.

If handled badly, some of them can lead to your ruin.

But to evolve, you need to identify those problems

and not tolerate them.

Step three is to diagnose these problems

to get at their root causes.

Don't jump too quickly to solutions.

Take a step back and reflect in order to really distinguish

the symptoms from the disease.

Step four is to design a plan to eliminate the problems.

This is where you will determine

what you need to do to get around them.

And step five is to execute those designs,

pushing yourself to do what's needed

to progress toward your goal.

A successful life essentially consists

of doing these five steps over and over again.

This is your personal evolution,

and you see this process everywhere.

It's just a law of nature.

Think of any product, any organization,

or any person you know,

and you will see that this is true for them.

Evolution is simply a process of either adapting, or dying.

Conceptually, it looks just like

the five-step process I've described.

As you push through this often painful process,

you'll naturally ascend

to higher and higher levels of success.

I found that when I did it better,

my struggling never became easier,

because the more capable I became,

the greater the challenges I would take on.

Because different people are strong and weak

at different things,

most people can't do all five steps well.

Not facing this reality

means you could stretch further than you should.

And as the heights get greater,

your falls could also be greater.

(wind howling)

Sometimes terrible things happen to all of us in life.

They can ruin us, or they can profoundly improve us

depending on how we handle them.

Something like this happened to me in 1982.

We progress forward until we encounter setbacks.

Whether or not we get out of them and continue forward

or spiral downward depends on whether or not

we're willing to face the failure objectively,

and make the right decisions to turn the loop upward again.

Something terrible happened to me in 1982,

when I bet everything on a depression that never came.

(crashing) (birds chirping)

The period between 1979 and 1982

was one of extreme turbulence,

for the global economy, the markets, and for me.

And I believed that the US economy,

with the world economy tied to it,

was headed toward a catastrophe.

This view was extremely controversial.

I wanted the great upside,

and very publicly took a big risk

and was wrong, dead wrong.

After a delay, the stock market began a big bull market

that lasted 18 years,

and the US economy enjoyed the greatest growth period

in its history.

This experience was like a blow to my head

with a baseball bat.

I had to cut my losses so that my company, Bridgewater,

was left with one employee, me.

(door slams) (paper shuffles)

I was so broke, I had to borrow $4,000 from my dad

to pay my bills.

But even worse was having to let go the people

I cared so much about.

I wondered whether I should give up my dream

of working for myself and play it safe

by working for someone else in a job

that would require me to put on a tie and commute everyday.

Though I knew that for me, taking less risk

would mean having a less great life.

Being so wrong, and especially being so publicly wrong,

was painfully humbling.

I am still shocked and embarrassed by how arrogant I was

in being totally confident in a totally incorrect view.

Though I had been right much more than I had been wrong,

I let one bad bet erase all my good ones.

(dramatic orchestral music)

I thought very hard about the relationship

between risk and reward, and how to manage them.

But I couldn't see a path forward

that would give me the rewards I wanted

without unacceptable risk.

This kind of experience happens to everyone.

It will happen to you.

You will lose something, or someone

you think you can't live without.

Or you will suffer a terrible illness or injury,

or your career will fall apart before your eyes.

You might think that your life is ruined,

and there's no way to go forward.

But it will pass.

I assure you that there is always a best path forward,

and you probably just don't see it yet.

You just have to reflect well to find it.

You have to embrace your reality.

Sometimes things happen that are hard to understand.

Life often feels so difficult and complicated,

it's too much to take in all at once.

My deep pain led me to reflect deeply on my circumstances.

It also led me to reflect on nature,

because it provides a guide for what's true.

So I thought a lot about how things work,

which helped to put me, and my own circumstances,

in perspective.

I saw that at the big bang,

all the laws and forces of the universe

were created and propelled forward,

interacting with each other as a perpetual motion machine,

in which all the bits and pieces coalesce into machines

that work for a while, fall apart,

and then coalesce into new machines.

This goes on into eternity.

I saw that everything is a machine.

The structure and evolution of galaxies,

the formation of our own solar system,

the make-up of earth's geography and ecosystems,

our economies and markets, and each of us.

We individually are machines, made up of different machines.

Our circulatory system, our nervous system,

that produce our thoughts, our dreams, our emotions,

and all the other aspects of our distinct characters.

All of these different machines evolve together through time

to produce the realities we encounter every day.

And I realized that I was just one tiny bit

in one nanosecond, deciding what I should do.

While that perspective might sound very philosophical,

I found that it was very practical,

because it showed me how I could deal with my own realities

in a better way.

For example, I observed that most everything

happens over and over again in slightly different ways.

Some in obvious short-term cycles

that are easy to recognize,

so we know how to deal with them, like the 24-hour day.

Some so infrequently that they haven't occurred

in our lifetimes, and we're shocked when they do,

like the once in a 100 year storm.

And some we know exist,

but are encountering for the first time,

like the birth of our first child.

Most people mistakenly treat these situations

as being unique, and deal with them

without having proper perspective or principles

to help them get through them.

I found that if instead of dealing with these events

as one-offs, I could see each as just another one of those,

and approach them in the same way

a biologist might approach an animal.

First, identifying its species, then drawing on principles

for dealing with it appropriately.

Because I could see these events transpire

in pretty much the same ways over and over,

I could more clearly see the cause-effect relationships

that govern their behaviors,

which allowed me to develop better principles

that I could express in both words and algorithms.

I learned that while most everyone expects the future

to be a slightly modified version of the present,

it is typically very different.

That's because people are biased by recent history,

and overlook events that haven't happened in a long time,

perhaps not even in their lifetime.

But they will happen again.

With that perspective, I realized that what I missed

when I mistakenly called for a great depression

was hidden in the patterns of history,

and I could use my newfound knowledge of these patterns

to make better decisions in the future.

And when I thought about my challenge,

balancing risk and reward,

I realized that risk and reward naturally go together.

I could see that to get the most out of life,

one has to take more risk,

and that knowing how to appropriately balance

risk and reward is essential

to having the best life possible.

Imagine you were faced with the choice

of having a safe, boring life if you stay where you are,

or having a fabulous one if you take the risk

of successfully crossing a dangerous jungle.

That is essentially the choice we all face.

For me, the choice was clear,

but that doesn't mean the path forward

was without challenges.

I still needed to face two big barriers

that we all must face.

(peaceful music)

I can't tell you which path in life is best for you,

because I don't know how important it is

for you to achieve big goals

relative to how important it is for you

to avoid the pains required to get them.

This is the courage I spoke of earlier,

and we each have to feel these things out for ourselves.

After my big mistake in calling for a depression,

I had come to one of life's forks in the road, as we all do.

If I made the choice to take a normal job and play it safe,

I would have ended up with a very different life

than the one I had.

(door slams) (paper shuffles)

But as long as I could pay the rent,

put food on the table, and educate my kids,

the only choice for me was to risk crossing the jungle

in pursuit of the best life possible.

My big mistake in betting on a depression

gave me a healthy fear of being wrong.

In other words, it gave me deep humility,

which was exactly what I needed.

At the same time, it didn't stop me

from aggressively going after the things I wanted.

To succeed, I needed to see more than I alone could see.

(strikes match) (flame hisses)

But standing in my way of doing that

were the two biggest barriers everyone faces.

Our ego and blind spot barriers.

These barriers exist because of how our brains work.

First, let's explore the ego barrier.

When I refer to your ego barrier,

I'm talking about the parts of your brain that prevent you

from acknowledging your weaknesses objectively,

so that you can figure out how to deal with them.

Your deepest seated needs and fears

reside in areas of your brain that control your emotions

and are not accessible

to your higher-level conscious awareness.

And because our need to be right can be more important

than our need to find out what's true,

we like to believe our own opinions

without properly stress-testing them.

We especially don't like to look

at our mistakes and weaknesses.

We are instinctively prone to react to explorations of them

as though they're attacks.

We get angry, even though it would be more logical

for us to be open to feedback from others.

This leads to our making inferior decisions, learning less,

and falling short of our potentials.

The second is the blind spot barrier.

Everyone has blind spots.

The blind spot barrier is when a person believes

he or she can see everything.

But it's a simple fact that no one alone

can see a complete picture of reality.

Naturally, people can't appreciate what they can't see,

just as we all have different ranges

for singing, hearing pitch, and seeing colors,

we have different ranges

for seeing and understanding things.

For example, while some people are better

at seeing the big picture, others excel at seeing details.

Some are linear thinkers, and others are more lateral.

While some are creative but not reliable,

others are reliable but not creative, and so on.

Because of how are brains are wired differently,

everyone perceives the world around them differently.

By doing what comes naturally to us,

we fail to account for our weaknesses and we crash.

Either we keep doing that, or we change.

Aristotle defined tragedy as a terrible outcome

arising from a person's fatal flaw.

A flaw, that had it been fixed,

would have instead led to a wonderful outcome.

In my opinion, these two barriers are the main impediments

that get in the way of good decision-making.

(noble orchestral music)

Taking risks and occasionally being ruined wasn't acceptable

and neither was not taking risks

and not having exceptional results.

I needed an approach that would give me

the exceptional upside without also giving me

the exceptional downside.

When I discovered it, it turned out to be my holy grail.

To get it, I needed to replace the joy of being proven right

with the joy of learning what's true.

This need prompted me to seek out

the most thoughtful people I could find

who disagreed with me.

I didn't care about their conclusions,

I just wanted to see things through their eyes,

and to have them see things through my eyes,

so that together we could hash things out

to discover what's true.

In other words, what I wanted most from them

was thoughtful disagreement.

Going from seeing things through just my eyes,

to seeing things through the eyes of these thoughtful people

was like going from seeing things in black and white

to seeing them in color.

(birds chirping)

The world lit up.

(growling)

(wings flapping)

That's when I realized that the best way

to go through the jungle of life is with insightful people

who see things differently from me.

Think about the five-step process I described earlier.

As I said, because we are wired so differently,

not everyone can do all the five steps well.

But you don't have to do them all alone.

You can get help from others

who are good at what you're not,

who are wired to perceive things you can't.

All you need to do is let go of your attachment

to having the right answers yourself,

and use your fear of being wrong

to become open-minded to these other views.

In this way, you could point out the risks and opportunities

that you would individually miss.

I found that taking this radically open-minded approach

and believability-weighting people's thinking

significantly increased my probabilities

of making the best decisions possible.

This enabled me to ascend

to greater heights and greater challenges.

In the past, I would have always wanted

to do what I, myself, thought was best.

But now I sought out

the strongest independent thinkers I could find.

I still do.

There is nothing better to be on a shared mission

with extraordinary people who can be radically truthful

and radically transparent with each other.

This approach led me to create a company

with the unique idea meritocracy,

operating in a unique way, that produced unique successes.

In an idea meritocracy, you get the best of everybody.

Everyone thinks independently,

then we work through our disagreements

to get at what's best.

However, not every opinion is equally valuable.

And we had to learn to distinguish

between good ideas and bad ones to get the best decisions.

In other words, we needed to believability-weight

people's thinking.

But that's another story I will explain

in my work principles.

Right now, there are many wonderful opportunities

and dangerous risks surrounding you that you don't see.

If you saw them free of the distortions

produced by your ego or your blind spots,

you would be able to deal with them more effectively.

If you could acquire this ability,

and with practice you can,

you will radically improve your life.

So far I described

how I learned to confront my own realities,

my problems, my mistakes, and weaknesses.

And how I surrounded myself with others

who could do things better than I could.

This was the most effective way I discovered

for making great decisions.

This is not the normal way of being,

but through this approach, I became very successful.

And being successful enabled me to meet

extraordinarily successful people and see how they think.

I've discovered that their journeys were similar to mine.

You might not know it, but they all struggled,

and they all have weaknesses

that they all get around by working with people

who see risks and opportunities that they would miss.

Over time, I leaned that by nature,

most people's greatest strengths

are also connected to their most significant weaknesses.

And striving hard for big things

is bound to lead you to painful falls.

It's just part of the process.

Such setbacks will test you.

They sort people.

Some think hard about what caused their setbacks,

learn lessons, and continue progressing toward their goals,

while others decide that this game is not for them,

and get off the field.

I've come to realize that success

is not a matter of attaining one's goals.

I've found that when I reached

each new higher level of success,

I rarely remained satisfied.

The things we are striving for are just the bait.

Struggling to get them forces us to evolve,

and it is this struggle

toward personal evolution with others that is the reward.

I no longer wanted to get across the jungle,

but instead wanted to find greater and greater challenges

to go after, surrounded by great people working together

on a shared journey.

Eventually the success of the mission

and the well-being of the people alongside me

became more important than my own success.

I also started to see beyond myself,

and wanted others to be successful when I'm no longer here.

I realized that if I fail to do that, I will be a failure.

I struggle with this now.

We all struggle with different things at different times,

until we either choose to give up, or until we die

and become part of the larger evolutionary story.

This is how all machines work,

and are recycled through time.

When a machine breaks down,

its parts go back into the system

to become parts of new machines

that also evolve through time.

Sometimes this makes us sad,

because we become very attached to our machines.

But if you look at it from the higher level,

it's really beautiful to observe

how the machine of evolution works.

Now you must decide for yourself how you will evolve.

Forget about where these principles came from.

Just assess whether or not they are useful to you,

and evolve them to suit your own needs.

As with all of life's decisions,

what you do with them is ultimately up to you.

My only hope for you is that you have the courage

to struggle and evolve well

to make your life as great as it can be.

Thank you, and goodbye.