

Book Reading Summary: The 7 Habits of Highly Effective People

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1 Learning Summary

1.1 Keywords

- personality ethic, character ethic, paradigms, maps, principles, values, guidelines, perception, attitudes, behaviors
- paradigm shift, inside-out, quantum change, conditioning effects, process, growth, development
- habit, knowledge, skill, desire, principle-centered, character-based, interpersonal effectiveness
- maturity, dependence, independence, interdependence, physically, mentally, emotionally
- production, production capacity, P/PC balance, assets, physical, financial, human
- private victory, principle of personal vision, principle of personal leadership, principle of personal management
- public victory, principle of interpersonal leadership, principle of empathic communication, principle of creative cooperation
- principle of balanced renewal
- self-awareness, vision, social mirror, freedom to choose, proactivity, responsibility, consistent, subordinate an impulse to a value, language
- reactive, conditions/conditioning, act or be acted upon, wait for something to happen, paradigm of determinism
- circle of concern, circle of influence, direct control, indirect control, no control, choose our response
- consequences, mistakes, principle, harmony, regret, acknowledge, learn, make and keep commitments and promises
- unique human endowments, self-awareness, imagination, conscience, independent will
- first creation, mental creation, second creation, physical creation
- leadership, management
- imagination, visualization, rescripting
- personal mission statement, values, principles, changeless, ability to change, mission, strength
- center, intrinsic, security, guidance, wisdom, power, interdependent
- principle-centered, other centers, self, family, spouse, money, work, possession, pleasure, friend, enemy, church
- personal mission statement, roles, proactivity, circle of influence, personal responsibility, review, many rewrites, introspection, analysis, expression
- personal leadership, expand perspective, visualization, affirmation
- organization mission statement, involvement, commitment

- independent will, prioritization, organize, execute around balanced priorities, time management
- time management matrix, quadrant i, crises, problems, quadrant ii, importance, urgency, proactivity
- opportunity-minded, problem-minded
- tool, coherence, balance, quadrant ii focus, people dimension, flexibility, portability
- organize, roles, goals, schedule, adapt, review, value-based decisions, natural prioritization
- living it, integrity, commitment, effectiveness with people, efficiency with things
- delegation, manager, effectiveness, stewardship delegation, result, trust, human motivation
- emotional bank account, trust, safeness, relationship, deposit, reserve, compensate
- deposit, understand the individual, attend to details, keep commitments, clarify expectations, personal integrity, apologize sincerely, internal security
- withdrawal, break promises, implicit expectations, duplicity, repeated apologies, not to admit mistakes
- the law of love, secure, validated, affirm, essential worth, identity, integrity
- the laws of life, cooperation, contribution, self-discipline, integrity
- P problem, PC opportunities, P/PC balance
- win/win or no deal, agree to disagree, with standard, productive cooperation,
- win/loss, competition, authoritarian, loss/win, indulgence, permissiveness, giving in or giving up, dependent
- win/win, interpersonal leadership, character, relationships, agreements, systems, processes
- win/win, character, integrity, maturity, balance between courage and consideration, abundance mentality
- win/win, relationship, trust, emotional bank, courage, proactive, transformational leadership, circle of influence
- win/win, agreement, partners, partnership agreement, desired results, guidelines, resources, accountability, consequences
- win/win management, self-supervision, mutual understanding, financial consequences, psychological consequences, opportunities, responsibility
- win/win, cooperative, reward system, environment of competition and contests, unnecessarily competitive situations
- win/win, processes, principled negotiation, separate people from problem, focus on interests and not on positions, invent options for mutual gain, insist on objective criteria, other's perspective, key issues and concerns, fully acceptable solution, the third option
- interpersonal communication, character, trust, be influenced, not by skill alone

- empathic listening, listen with intent to understand, diagnose before prescribe, trust, confidence, inside other's perspective, registering, reflecting, body language
- listen with intent to reply, autobiographical response, collective monologues, own rightness, ignoring, pretending, selective listening, attentive listening
- satisfied needs do not motivate, psychological survival, therapeutic
- interdependent production, interpersonal PC
- autobiographical response, evaluate, probe, advise, interpret, scripted
- empathic listening skills, mimic content, rephrase the content, reflect feeling, transformational opportunity, patience, discerning
- appreciate difference, perception,
- seek to be understood, knowing how to be understood, courage, ethos, pathos, logos, trust, feeling, logic, presentation, contextual, visual
- patient, respectful, listen, influenceable, discerning, sensitive, aware
- synergy, principle-centered leadership, whole, value difference, respect, build strength, compensate

1.2 Principle-Centered Paradigm

1.3 From Independence to Interdependence

1.4 Seven Habits and Seven Principles

1.5 Balanced Self-Renewal

1.6 Become a Transition Person

2 Paradigms and Principles

2.1 Inside-Out

If we wanted to change the situation, we first had to *change ourselves*. And to change ourselves effectively, we first had to change our *perceptions*.

2.1.1 Peronality and Character Ethics

- The elements of *Personality Ethic* are sometimes essential for success.
 - *personality growth*
 - *communication skills*
 - *eduation in the field of influcence strategies*
 - *positive thinking*

2.1.2 Primary and Secondary Greatness

- The elements of **Personality Ethic** are **secondary**, not primary traits. If my **character** is fundamentally flawed, marked by duplicity and insincerity, then, in the long run, I cannot be successful – My duplicity will breed *distrust*, and everything i do – even using so-called good human relations techniques – will be preceived as *manipulative*.
- In **one-shot or short-term** human interactions, you can use Personality Ethics to win over good impressions through charm and skill.
- If there is little or no trust, there is no foundation for permanent success. Only **basic goodness** gives life to techinque.
- You always reap what you sow; there is no shortcut.
- If there isn't **deep integrity** and **fundamental character strength**, the challenges of life will cause true motives to surface and human relationship failure will replace short-term success.
- Many people with secondary greatness – that is, social recognition for their talents – lack primary greatness or goodness in their character.

2.1.3 The Power of A Paradigm

- *The Seven Habits of Highly Effective People* embody many of the fundamental principles of human effectiveness. These habits are basic; they are primary. They represent **the internalization of correct principles upon which enduring happiness and success are based**.
- The word **paradigm** is more commonly used today to mean a model, theory, perception, assumption, or frame of reference. In a more general sense, it means the way we **see** the world in terms of *preceiving, understanding, interpreting*.
- A simple way to understand *paradigms* is to see them as **maps**. **Maps is not the territory**. A map is simply an explanation of certain aspects of the territory. It is a theory, an explanation, or model of something else.
- Each of us has many, many maps in our head, which can be divided into two main categories:
 - maps of the way things *are*, or **realities**,
 - and maps of the way things *should be*, or **values**.
- We seldom question their accuracy; we're usually even unaware that we have them. We simply assume that the way we see things is the way they really are or the way they should be.
- And our **attitudes** and **behaviors** grow out of those assumptions. The way we see things is the source of the way we think and the way we act.
- The fundamental problem has nothing to do with your *behavior* or your *attitude*. It has everything to do with *having a wrong map*.
- The paradigms are the source of our attitudes and behaviors. And **conditioning effects** impact our perceptions and paradigms.

- The basic **flaws** of *the personality ethic* is oo try to change *outward attitudes and behaviors* does very little good in the long run if we fail to *examine the basic paradigms* from which those attitudes and behaviors flow.

2.1.4 The Power of A Paradigm Shift

- **Paradigm Shift:** almost every significant breakthrough in the field of scientific endeavor is first a break with *tradition*, with *old ways of thinking*, with *old paradigms*.
- Not all Paradigm Shifts are in positive directions. As we have observed, the shift from *the character ethic* to *the personality ethic* has drawn us away from the very roots that nourish true success and happiness.
- But whether they shift us in positive or negative directions, paradigm shift create powerful change. Our paradigms, correct or incorrect, are the sources of our attitudes and behaviors, and ultimately our relationships with others.
- Many people experience a similar fundamental shift in thinking when they face a life-threatening crisis and suddenly see their priorities in a different light, or when they suddenly step into a new role, such as that of husband or wife, parent or grandparent, manager or leader.

2.1.5 Seeing and Being

- Not all Paradigm Shifts are *instantaneous*. The power of a Paradigm Shift is the essential power of **quantum change**, whether that shift is an instantaneous or a slow and deliberate process
- Our Paradigms are the way we “*see*” the world or circumstances – not in terms of our visual sense of sight, but in terms of **perceiving, understanding, and interpreting**.
- **Paradigms** are inseparable from **character**. **Being** is **seeing** in the *human dimension*.

2.1.6 The Principle-Centered Paradigm

- The **Character Ethic** is based on the fundamental idea that *there are principles that govern human effectiveness* – natural laws in the human dimension that are just as real, just as *unchanging and unarguably “there”* as laws such as gravity are in the physical dimension.
- Principles are like lighthouses. They are natural laws that cannot be broken.
- **Principles are not values**. Principles are the *territory*. Values are *maps*. When we value correct principles, we have *truth* – a knowledge of things as they are.
- Principles are *guidelines* for human conduct that are proven to have *enduring, permanent value*. They’re *fundamental*. They’re essentially unarguable because they are **self-evident**.
- The more closely our **maps or paradigms** are **aligned with** these **principles** or natural laws, the more accurate and functional they will be. Correct maps will infinitely impact our *personal and interpersonal effectiveness* far more than any amount of effort expended on changing our attitudes and behaviors

2.1.7 Principles of Growth and Change

- In all of life, there are *sequential stages* of *growth* and *development*. Each step is important and each one takes time. No step can be skipped.
- This is true in all phases of life, in all areas of development.

2.1.8 The Way we See the Problem Is the Problem

- The way we see the problem is the problem.
- Can you see how fundamentally the paradigms of the personality ethic affect the very way we see our problems as well as the way we attempt to solve them?

2.1.9 A New Level of Thinking

- This new level of thinking is what *Seven Habits of Highly Effective People* is about.
- It's a *principle-centered, character-based, "Inside-Out"* approach to *personal and interpersonal effectiveness*.
- "*Inside-Out*" means to *start first with self*; even more fundamentally, to start with the most *inside part of self* – with your *paradigms*, your *character*, and your *motives*.
- The Inside-Out approach says that *Private Victories* precede *Public Victories*, that making and keeping promises to *ourselves* precedes making and keeping promises to *others*.
- Inside-Out is a *process* – a *continuing process of renewal* based on the natural laws that govern human growth and progress. It's an *upward spiral of growth* that leads to progressively higher forms of *responsible independence* and *effective interdependence*.

2.2 The Seven Habits – An Overview

2.2.1 "Habits" Defined

- For our purposes, we will define a *habit* as the intersection of *knowledge*, *skill*, and *desire*.
 - *Knowledge* is the theoretical paradigm, the what to do and the why.
 - *Skill* is the how to do.
 - And *desire* is the motivation, the want to do.

In order to make something a habit in our lives, we have to have all three.

2.2.2 The Maturity Continuum

- Our growth from infancy to adulthood is in accordance with natural law. And there are many dimensions to growth. Reaching our full physical maturity, for example, does not necessarily assure us of simultaneous *emotional or mental maturity*. On the other hand, a person's *physical dependence* does not mean that he or she is mentally or emotionally immature.
- On the *maturity continuum*,
 - *dependence* is the paradigm of *you* – you take care of me; you come through for me; you didn't come through; I blame you for the results.

- **Independence** is the paradigm of **I** – I can do it; I am responsible; I am self-reliant; I can choose.
- **Interdependence** is the paradigm of **we** – we can do it: we can cooperate; we can combine our talents and abilities and create something greater together.
- Dependent people *need* others to get what they want. Independent people can get what they want through *their own effort*. Interdependent people *combine their own* efforts with the efforts of others to achieve their greatest success.
- If I were independent, **physically**, I could pretty well make it **on my own**.
Mentally, I could think *my own thoughts*, I could move from one level of abstraction to another. I could think creatively and analytically and organize and express my thoughts in understandable ways.
Emotionally, I would *be validated from within*. I would be inner directed. My sense of *worth* would not be a function of being liked or treated well.
- True independence of character empowers us to **act** rather than **be acted upon**.
- Independence is a major achievement in and of itself. But independence is not supreme.
- Independent thinking alone is not suited to **interdependent reality**. Independent people who do not have the maturity to think and act interdependently may be good individual producers, but they won't be good leaders or team players. They're not coming from the paradigm of interdependence necessary to succeed in marriage, family, or organizational reality.
- **Life** is, by nature, highly **interdependent**.
- **Interdependence** is a far more mature, more advanced concept.
 If I am physically interdependent, I am self-reliant and capable, but I also realize that you and I working together can accomplish far more than, even at my best, I could accomplish alone.
 If I am emotionally interdependent, I derive a great sense of worth within myself, but I also recognize the need for love, for giving, and for receiving love from others.
 If I am intellectually interdependent, I realize that I need the best thinking of other people to join with my own.
- **Interdependence** is a choice *only independent people can make*. Dependent people cannot choose to become interdependent. They don't have the character to do it; they don't own enough of themselves.

2.2.3 Effectiveness Defined

- A paradigm of effectiveness that is in harmony with a natural law, a principle I call the "**P/PC Balance**."
 – **P** stands for **Production**,
 – and **PC** stands for **Production Capacity**.

- True *effectiveness* is a function of two things:
 - what is *produced* (the *production*)
 - and the producing *asset* or *capacity* to produce (the *production capacity*)
- Effectiveness lies in the *balance*. Focusing only on production will leave no assets to produce; focusing only on production capacity will fail to produce enough to maintain yourself or the capacity.

2.2.4 Three Kinds of Assets

- Basically, there are three kinds of assets: *physical*, *financial*, and *human*.
 - *physical assets*: house, car, personal belongings, our body or our environment.
 - *financial assets*: income, job, experience, skills, education, *our capacity to earn*,
 - *human assets*: trust, responsibility, marriage, child-parent, other human relationships,
- In the human area, the P/PC Balance is equally fundamental, but even more important, because people control physical and financial assets.
- Examples in marriage, in child education.

2.2.5 Organizational PC

- One of the immensely valuable aspects of any correct principle is that it is *valid* and *applicable* in a wide variety of circumstances.
- When people fail to respect *the P/PC Balance* in their use of *physical* assets in organizations, they decrease organizational effectiveness and often leave others with dying geese.
- *The P/PC Balance* is particularly important as it applies to the *human* assets of an organization – the *customers* and the *employees*.
- There are organizations that talk a lot about the customer and then completely neglect the people that deal with the customer – the employees. The *PC principle* is to always treat your employees exactly as you want them to treat your best customers.
- Effectiveness lies in the balance.

Excessive focus on P results in ruined health, worn-out machines, depleted bank accounts, and broken relationships.

Too much focus on PC is like a person who runs for three or four hours a day, bragging about the extra 10 years of life it creates, unaware he's spending them running. Or a person endlessly going to school, never producing, living on other people's golden eggs – the eternal student syndrome.

- To maintain *the P/PC Balance* is often a difficult judgment call. But I suggest it is the very essence of effectiveness. It balances short term with long term.
- The P/PC Balance is the very essence of effectiveness. It's validated in every arena of life.

2.2.6 How to Use This Book and What You Can Expect

- Before we begin work on the Seven Habits of Highly Effective People, I would like to suggest two Paradigm Shifts that will greatly increase the value you will receive from this material:

- First, I would recommend that you not “see” this material as a book. You may choose to read it completely through once for a sense of the whole. But the material is designed to be a companion in the continual process of change and growth. It is organized *incrementally* and with suggestions for application at the end of each habit so that you can study and *focus on any particular habit* as you are ready.

As you progress to deeper levels of understanding and implementation, you can *go back* time and again to the principles contained in each habit and work to expand your knowledge, skill, and desire.

- Second, I would suggest that you shift your paradigm of your own involvement in this material from the role of learner to that of teacher. Take an Inside-Out approach, and read with the purpose in mind of *sharing* or *discussing* what you learn with someone else within 48 hours after you learn it.

- If you decide to open your “gate of change” to really understand and live the principles embodied in *the Seven Habits*, I feel comfortable in assuring you several positive things will happen.

- First, your *growth* will be *evolutionary*, but *the net effect* will be *revolutionary*.

The net effect of opening the “gate of change” to the first three habits – the habits of *Private Victory* – will be significantly increased *self-confidence*.

As you live your values, your sense of *identity, integrity, control*, and *inner-directedness* will infuse you with both exhilaration and peace. You will *define yourself from within*, rather than by *people’s opinions* or by comparisons to others. “Wrong” and “right” will have little to do with being found out.

Ironically, you’ll find that as you care less about what others think of you; you will *care more about what others think of themselves and their worlds*, including their relationship with you. You’ll no longer *build* your emotional life *on* other people’s weaknesses. In addition, you’ll find it easier and more desirable to *change* because there is something – *some core deep within* – that is essentially *changeless*.

- As you open yourself to the next three habits – the habits of *Public Victory* – you will discover and unleash both the desire and the resources to *heal and rebuild important relationships* that have *deteriorated*, or even broken. *Good relationships will improve* – become deeper, more solid, more creative, and more adventuresome.
- The seventh habit, if deeply *internalized*, will *renew* the first six and will make you truly independent and capable of effective interdependence. Through it, you can charge your own batteries.

3 Private Victory

3.1 Habit 1: Be Proactive – Principles of Personal Vision

Self-awareness enables us to stand apart and examine even the way we “see” ourselves – our paradigm, the most fundamental paradigm of effectiveness. It affects not only our attitudes and behaviors, but also how we see other people. It becomes our map of the basic nature of mankind.

3.1.1 The Social Mirror

- If the only vision we have of ourselves comes from *the social mirror* – from *the current social paradigm* and from the opinions, perceptions, and paradigms of *the people around us* – our view of ourselves is like the reflection in the crazy mirror room at the carnival.
- These visions are *disjointed* and *out of proportion*. They are often more projections than reflections, projecting the concerns and character weaknesses of *people giving the input rather than accurately reflecting what we are*.
- While we have acknowledged the tremendous power of *conditioning* in our lives, to say that we are determined by it, that we have no control over that influence, creates quite a different map.

3.1.2 Between Stimulus and Response

- The deterministic paradigm comes primarily from the study of animals. Our unique human endowments lift us above the animal world. The extent to which we exercise and develop these endowments empowers us to fulfill our uniquely human potential. *Between stimulus and response is our greatest power – the freedom to choose*.
- Within the freedom to choose are those *endowments* that make us uniquely human.
 - In addition to *self-awareness*,
 - we have *imagination* – *the ability to create in our minds beyond our present reality*.
 - We have *conscience* – *a deep inner awareness of right and wrong*, of the principles that govern our behavior, and a sense of the degree to which our thoughts and actions are in harmony with them.
 - And we have *independent will* – *the ability to act* based on our self-awareness, free of all other influences.

3.1.3 “Proactivity” Defined

- In discovering the basic principle of the nature of man, Frankl described an accurate self-map from which he began to develop the first and most basic habit of a highly effective person in any environment, the habit of *Proactivity*.
- *Proactivity* means more than merely *taking initiative*. It means that as human beings, we *are responsible for our own lives*. Our *behavior* is a function of our *decisions*, *not* our *conditions*. We can subordinate *feelings* to *values*. We have the *initiative* and the *responsibility* to make things happen.

- *Highly proactive people recognize that responsibility.* They do not blame circumstances, conditions, or conditioning for their behavior. Their behavior is a product of their own conscious choice, based on values, rather than a product of their conditions, based on feeling.
- Because we are, by nature, *proactive*, if our lives are a function of *conditioning* and *conditions*, it is because we have, by *conscious decision* or *by default*, *chosen* to *empower those things to control us*.
- In making such a choice, we become *reactive*.

Reactive people are often affected by their physical environment.

Reactive people are also affected by their *social environment*, by the “social weather.” Reactive people build their emotional lives around the behavior of others, *empowering the weaknesses of other people to control them*.

- The ability to *subordinate an impulse to a value* is the *essence* of the *proactive person*. Reactive people are driven by feelings, by circumstances, by conditions, by their environment. Proactive people are driven by *values* – carefully thought about, selected and internalized values.

I admit this is very hard to accept emotionally, especially if we have had years and years of explaining our misery in the name of circumstance or someone else’s behavior. But until a person can say deeply and honestly, “I am what I am today because of the choices I made yesterday,” that person cannot say, “*I choose otherwise*.”

- Our character, our basic identity, does not have to be hurt at all. In fact, our most difficult experiences become the crucibles that forge our character and develop *the internal powers*, the *freedom* to *handle difficult circumstances* in the future and to inspire others to do so as well.
- Viktor Frankl suggests that there are *three central values* in life –
 - the *experiential*, or that which happens to us;
 - the *creative*, or that which we bring into existence;
 - and the *attitudinal*, or our *response* in difficult circumstances such as terminal illness

What matters most is *how we respond to what we experience in life*.

- *Difficult circumstances often create Paradigm Shifts*, whole new frames of reference by which people see the world and themselves and others in it, and what life is asking of them. Their larger perspective reflects the attitudinal values that lift and inspire us all.

3.1.4 Taking the Initiative

- *Our basic nature is to act, and not be acted upon.* As well as *enabling* us to *choose our response* to particular circumstances, this empowers us to *create circumstances*.
- Taking initiative does not mean being *pushy*, *obnoxious*, or *aggressive*. It does mean *recognizing our responsibility* to make things happen.
- Many people *wait for something to happen* or *someone to take care of them*. But people who end up with the good jobs are the *proactive* ones who are *solutions to problems*,

not problems themselves, who **seize the initiative** to do whatever is **necessary, consistent with correct principles**, to get the job **done**.

- Holding people to the *responsible* course is not demeaning; it is **affirming**. By respecting the proactive nature of other people, we provide them with at least one clear, undistorted reflection from the social mirror.

3.1.5 Act or Be Acted Upon

- It takes initiative to create *the P/PC Balance* of effectiveness in your life. It takes initiative to develop *the Seven Habits*. As you study the other six habits, you will see that each depends on the development of your proactive muscles. Each puts the responsibility on you to act.

If you wait to be acted upon, you **will be acted upon**. And *growth* and *opportunity consequences* attend either road.

- “What is our response? What are we going to do? How can we exercise initiative in this situation?”
- The **difference** between *positive thinking* and **proactivity**: **Proactivity did face reality**. We faced the reality of the current circumstance and of future projections. But we also faced the reality that *we had the power to choose a positive response* to those circumstances and projections. Not facing reality would have been to *accept* the idea that what’s happening in our environment had to determine us.

3.1.6 Listening to Our Language

- Because our attitudes and behaviors flow out of our paradigms, if we use our self-awareness to examine them, we can often see in them the nature of our underlying maps. Our language, for example, is a very real indicator of the degree to which we see ourselves as proactive people.
- The **language** of reactive people *absolves them of responsibility*. That language comes from a basic *paradigm* of **determinism**. And the whole spirit of it is *the transfer of responsibility*.
- A serious problem with reactive language is that it becomes a **self-fulfilling prophecy**. People become *reinforced* in the paradigm that they are *determined*, and they produce evidence to support the belief. They feel increasingly victimized and out of control, not in charge of their life or their destiny. They blame outside forces – other people, circumstances, even the stars – for their own situation.
- Proactive people **subordinate feelings to values**. Love, the feeling, can be recaptured.

3.1.7 Circle of Concern or Circle of Influence

- Another excellent way to become more self-aware regarding our own degree of proactivity is to look at *where* we focus our time and energy.
 - **Circle of Concern**: a wide range of *concerns*; separate from things in which we have no particular mental or emotional involvement.
 - **Circle of Influence**: within the Circle of Concerns, there are things that we have real *control*.

Within the Circle of Concerns but **outside** Circle of Influence, there are some things over which we have *no real control* and *others that we can do something about*.

- By determining which of these two circles is the focus of most of our time and energy, we can discover much about the degree of our proactivity.
 - **Proactive** people **focus** their efforts in **the Circle of Influence**.
 - **Reactive** people, on the other hand, **focus** their efforts in **the Circle of Concern**. They focus on the weakness of other people, the problems in the environment, and circumstances over which they have **no control**.

The negative energy generated by that focus, combined with neglect in areas they could do something about, causes their *Circle of Influence* to **shrink**.

- As long as we are working in our *Circle of Concern*, we empower the things within it to control us. We aren't taking the proactive initiative necessary to effect positive change.
- It was only when we went to **work in our Circle of Influence**, when we focused on our *own paradigms*, that we began to create a **positive energy** that changed ourselves and eventually influenced our son as well. By *working* on ourselves instead of *worrying about* conditions, we were able to **influence the conditions**.
- Because of position, wealth, role, or relationships, there are some circumstances in which a person's Circle of Influence is **larger** than his or her Circle of Concern. This situation reflects on a *self-inflicted emotional myopia* – another *reactive selfish life-style* focused in **the Circle of Concern**.

3.1.8 Direct, Indirect, and No Control

- The problems we face fall in one of three areas:
 - **direct control** (problems involving our own behavior);
 - **indirect control** (problems involving other people's behavior);
 - or **no control** (problems we can do nothing about, such as our past or situational realities).
- - **Direct control problems** are solved by working on our **habits** since they are within our Circle of Influence. See "*Private Victories*".
 - **Indirect control problems** are solved by changing our **methods of influence**. These are the "*Public Victories*"
 - **No control problems** involve taking the responsibility to smile, to *genuinely and peacefully accept these problems* and *learn to live with them*, even though we don't like them.
- *Changing our habits, changing our methods of influence* and changing the way we see our no control problems are all *within our Circle of Influence*.

3.1.9 Expanding Circle of Influence

- It is inspiring to realize that *in choosing our response to circumstance, we powerfully affect our circumstance.*
- This man focused on his *Circle of Influence*. He was treated like a gofer, also. But he would do more than what was expected. He anticipated the president's need. He read with empathy the president's underlying concern, so when he presented information, he also gave his analysis and his recommendations based on that analysis.
- There are some people who interpret "proactive" to mean pushy, aggressive, or insensitive; but that isn't the case at all. Proactive people aren't pushy. They're *smart*, they're *value driven*, they *read reality*, and they *know what's needed*.

3.1.10 The "Have's" and the "Be's"

- One way to determine which circle our concern is in is to distinguish between the *have's* and the *be's*.
 - *The Circle of Concern* is filled with the *have's*.
 - *The Circle of Influence* is filled with the *be's*.
- Anytime we think the problem is "out there," that thought is the problem. We empower what's out there to *control* us. The change paradigm is "outside-in" – what's out there has to change before we can change.
- The **proactive** approach is to change from the **Inside-Out: to be different**, and by being different, to **effect positive change** in what's out there – I can be more resourceful, I can be more diligent, I can be more creative, I can be more cooperative.
- It is so much easier to blame other people, conditioning, or conditions for our own stagnant situation. But we are responsible – "response-able" – to control our lives and to powerfully influence our circumstances by working on *be*, on what we are.
- If I really want to improve my situation, I can work on the one thing over which I have control – myself.
- As proactive people, we can carry our own physical or social weather with us. We can be happy and accept those things that at present we can't control, while we focus our efforts on the things that we can.

3.1.11 The Other End of the Stick

- Before we totally shift our life focus to our Circle of Influence, we need to consider two things in our *Circle of Concern* that merit deeper thought – **consequences** and **mistakes**.
- While we are *free to choose* our **actions**, we are **not free to choose the consequences of those actions**. **Consequences** are governed by **natural law**.
- Our *behavior* is governed by **principles**. Living in **harmony** with them brings **positive consequences**; **violating** them brings **negative consequences**. We are free to choose our response in any situation, but in doing so, we choose the attendant consequence. "*When we pick up one end of the stick, we pick up the other.*"

- Sometimes our choices have brought consequences we would rather have lived without. If we had the choice to make over again, we would make it differently. We call these choices **mistakes**, and they are the second thing that merits our deeper thought.
- For those filled with **regret**, perhaps the most needful exercise of *proactivity* is to realize that **past mistakes** are also out there in **the Circle of Concern**. We can't recall them, we can't undo them, we can't control the consequences that came as a result.
- The proactive approach to a mistake is to **acknowledge it instantly, correct it, and learn from it**.
- But not to acknowledge a mistake, not to correct it and learn from it, *is a mistake of a different order*. It usually puts a person on a self-deceiving, self-justifying path, often involving rationalization (rational lies) to self and to others. This **second mistake**, this *cover-up, empowers the first*, giving it disproportionate importance, and causes far *deeper injury to self*.

3.1.12 Making and Keeping Commitments

- At the very heart of our Circle of Influence is our ability to **make and keep commitments and promises**. The commitments we make to ourselves and to others, and our **integrity** to those commitments, *is the essence and clearest manifestation of our proactivity*.
- It is also the essence of our growth. Through our human endowments of **self-awareness** and **conscience**, we become conscious of areas of weakness, areas for improvement, areas of talent that could be developed, areas that need to be changed or eliminated from our lives.
- Then, as we recognize and use our **imagination** and **independent will** to act on that awareness – making promises, setting goals, and being true to them – we *build the strength of character*, the being, that makes possible every other positive thing in our lives.
- It is here that we find two ways to put ourselves in control of our lives immediately.
 - We can make a promise – and **keep** it.
 - Or we can set a goal – and **work to achieve** it.
- As we make and keep commitments, even small commitments, we begin to establish an inner integrity that gives us the awareness of self-control and the courage and strength to accept more of the responsibility for our own lives. By making and keeping promises to ourselves and others, little by little, our honor becomes greater than our moods.
- The power to *make and keep commitments to ourselves* is the *essence* of developing the basic habits of effectiveness.

3.1.13 Proactivity: the Thirty-Day Test

- I would challenge you to test the principle of proactivity for 30 days. Simply try it and see what happens.
- For 30 days work only in your *Circle of Influence*.
 - **Make small commitments and keep them.**

- **Be a light, not a judge.** Be a model, not a critic. Look at the weaknesses of others with *compassion*, not *accusation*. The issue is your own *chosen response* to the situation and what you *should be doing*.
- Be part of the **solution**, not part of the problem.
- We are responsible for our own effectiveness, for our own happiness, and ultimately, I would say, for most of our circumstances.
- Knowing that we are responsible – “response-able” – is *fundamental to effectiveness* and to every other habit of effectiveness we will discuss.

3.2 Habit 2: Begin with the End in Mind – Principles of Personal Leadership

3.2.1 What It Means

- *To Begin with the End in Mind* means to start with a clear understanding of your *destination*. It means to know where you’re going so that you better understand *where you are now* and so that the *steps* you take are always in *the right direction*.
- How different our lives are when we really know what is deeply important to us, and, keeping that picture in mind, we manage ourselves each day to be and to do what really matters most.
- We may be very busy, we may be very *efficient*, but we will also be truly *effective* only when we *Begin with the End in Mind*.

3.2.2 All Things are Created Twice

- “*Begin with the End in Mind*” is based on the *principle* that *all things are created twice*.
 - There’s a *mental* or *first* creation,
 - and a *physical* or *second* creation to all things.
- The carpenter’s rule is “*measure twice, cut once*.” You have to make sure that the *blueprint*, the first creation, is really what you want, that you’ve thought everything through. Then you put it into bricks and mortar. Each day you go to the construction shed and pull out the blueprint to get marching orders for the day. You Begin with the End in Mind.
- The same is true with parenting.
- To the extent to which we understand *the principle of two creations* and accept the *responsibility* for both, we *act within and enlarge the borders of our Circle of Influence*.

To the extent to which we do not operate in harmony with this principle and take charge of the first creation, we *diminish* it.

3.2.3 By Design Or Default

- Not all first creations are *by conscious design*.
- In our personal lives, if we do not develop our own *self-awareness* and become *responsible* for *first creations*, we *empower other people and circumstances* outside our Circle of Influence

to shape much of our lives *by default*.

- Whether we are aware of it or not, whether we are in control of it or not, there is a first creation to every part of our lives.

We are *either the **second** creation of our **own** proactive **design**, or we are the second creation of other people's **agendas**, of circumstances, or of past habits.*

- Habit 1 says, “*You are the creator.*” Habit 2 *is* the first creation.

3.2.4 Leadership And Management – the Two Creations

- Habit 2 is based on *principles of personal leadership*.
 - **Leadership** is the *first* creation.
 - **Management** is the *second* creation, which we'll discuss in the chapter on Habit 3. But leadership has to come first.
- “*Management is doing things right; leadership is doing the right things.*”
 - **Management** is a *bottom-line focus*.
 - **Leadership** deals with the *top line*.

Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.

- We are more in need of a *vision* or *designation* and a *compass* (a set of **principles** or **directions**) and less in need of a *road map*.
- **Effectiveness** – often even survival – does not depend solely on how much *effort* we expend, but on whether or not the effort we expend is in the *right jungle*. And the metamorphosis taking place in most every industry and profession demands **leadership first and management second**.
- Efficient management without effective leadership is, as one individual phrased it, “like straightening deck chairs on the Titanic.” **No management success can compensate for failure in leadership**. But leadership is hard because we're often caught in a **management paradigm**.

In **management paradigm**, one often thinks of control, efficiency, and rules instead of direction, purpose, and family feeling.

- And leadership is even more lacking in our personal lives. We're into managing with efficiency, setting and achieving goals before we have even clarified our values.

3.2.5 Rescripting: Become Your Own First Creator

- The two additional unique human endowments that enable us to expand our proactivity and to exercise personal leadership in our lives are **imagination** and **conscience**.
- Through **imagination**, we can **visualize** the *uncreated* worlds of **potential** that lie within us.

Through **conscience**, we can come in contact with *universal laws or principles* with our

own singular talents and avenues of contribution, and with the *personal guidelines* within which we can most effectively develop them.

- Because we already live with many scripts that have been handed to us, the process of writing our own script is actually more a process of “*rescripting*,” or *Paradigm Shifting* – of changing some of the basic paradigms that we already have.
- In developing our own *self-awareness* many of us discover *ineffective* scripts, *deeply embedded habits* that are totally *unworthy* of us, totally *incongruent* with the things we *really value* in life.

Habit 2 says we don’t have to live with those scripts.

We are response-able to use our *imagination* and *creativity* to write new ones that are more effective, more congruent with our deepest values and with the correct principles that give our values meaning.

- *To Begin with the End in Mind* means to approach *my role as a parent*, as well as my *other roles* in life, with my *values* and *directions* clear.

It also means to begin each day with those values firmly in mind. I don’t have to *react* to the emotion, the circumstance. I can be truly proactive, value driven, because my values are clear.

3.2.6 A Personal Mission Statement

- The most effective way I know to *Begin with the End in Mind* is to develop a *personal mission statement* or *philosophy* or *creed*.

It focuses on what you *want to be* (character) and *to do* (contributions and achievements) and on the *values* or *principles* upon which being and doing are based.

- A *personal mission statement* based on correct principles becomes *personal constitution*, the basis for making major, life-directing decisions, the basis for making daily decisions in the midst of the circumstances and emotions that affect our lives. It empowers individuals with the same *timeless strength* in the midst of change.
- People can’t live with change if there’s not a *changeless core* inside them. The *key* to the *ability to change* is a *changeless sense of who you are, what you are about and what you value*.
- With a mission statement, we can *flow with changes*. We don’t need *prejudgments* or *prejudices*. We don’t need to figure out everything else in life, to *stereotype* and *categorize* everything and everybody in order to accommodate reality.
- Our personal environment is also *changing* at an *ever-increasing pace*. Such *rapid change* burns out a large number of people who feel they can *hardly handle* it, can *hardly cope with* life. They become *reactive* and essentially *give up*, hoping that the things that happen to them will be good.
- Once you have that sense of *mission*, you have the essence of your *own proactivity*. You have the *vision* and the *values* which direct your life. You have the basic direction from which you set your long- and short-term goals. You have the power of a written constitution based on correct principles, against which every decision concerning the most effective use of your

time, your talents, and your energies can be effectively measured.

3.2.7 At The Center

- In order to write a *personal mission statement*, we must begin at the very **center** of our **Circle of Influence**, that center comprised of our most basic *Our paradigms*, the lens through which we see the world.
- It is here that we deal with our **vision** and our **values**.
- It is also here that our focused efforts achieve the greatest results. As we work within the very center of our *Circle of Influence*, we **expand** it.
- Whatever is at the center of our life will be the source of our **security, guidance, wisdom, and power**.
 - **Security** represents your *sense of worth*, your **identity**, your *emotional anchorage*, your **self-esteem**, your *basic personal strength* or lack of it.
 - **Guidance** means your *source of direction in life*. Encompassed by your map, your *internal frame of reference* that interprets for you what is happening out there, are *standards or principles or implicit criteria* that govern moment-by-moment decision-making and doing.
 - **Wisdom** is your *perspective on life*, your *sense of balance*, your *understanding of how* the various parts and principles **apply** and **relate to** each other. It embraces *judgment, discernment, comprehension*. It is a gestalt or oneness, an integrated wholeness.
 - **Power** is the *faculty or capacity to act*, the **strength** and **potency to accomplish** something. It is the **vital energy** to make choices and decisions. It also includes the *capacity to overcome* deeply embedded habits and to cultivate higher, more effective ones.
- These four factors – *security, guidance, wisdom, and power* – are **interdependent**.

Security and clear guidance bring true wisdom, and wisdom becomes the spark or catalyst to release and direct power.
- Your **security** lies somewhere on the **continuum** between extreme insecurity on one end, wherein your life is buffeted by all the fickle forces that play upon it, and a deep sense of *high intrinsic worth* and *personal security* on the other end.
- Your **guidance** ranges on the *continuum* from dependence on *the social mirror* or other unstable, fluctuating sources to *strong inner direction*.
- Your **wisdom** falls somewhere between a totally inaccurate map where everything is *distorted* and nothing seems to fit, and a complete and accurate **map of life** wherein all the parts and *principles* are properly related to each other.
- Your **power** lies somewhere between immobilization or being a *puppet* pulled by someone else's strings to high **proactivity**, the *power to act* according to *your own values* instead of *being acted upon* by other people and circumstances.

3.2.8 Alterative Centers

- Each of us has a center, though we usually don't recognize it as such.
- Let's briefly examine several centers or core paradigms people typically have:
 - *Spouse Centeredness.*
 - * *security:*
 - Your feelings of security are based on the way your spouse treats you.
 - You are highly vulnerable to the moods and feelings of your spouse.
 - There is deep disappointment resulting in conflict when your spouse disagrees with you or does not meet your expectations.
 - Anything that may impinge on the relationship is perceived as a threat.
 - * *guidance:*
 - Your direction comes from your own needs and wants and from those of your spouse.
 - Your decision-making criterion is limited to what you think is best for your marriage or your mate, or to the preference and opinions of your spouse.
 - * *wisdom:*
 - Your life perspective surrounds things which may positively or negatively influence your spouse or your relationship.
 - * *power:*
 - Your power to act is limited by weakness in yourself and your spouse.
 - *Family Centeredness.*
 - * *security:*
 - Your security is founded on family acceptance and fulfilling family expectations.
 - Your sense of personal security is as volatile as the family.
 - Your feeling of family worth are based on the family reputation.
 - * *guidance:*
 - Family scripting is your source of correct attitudes and behaviors.
 - Your decision-making criterion is what is good for the family, or what family members want.
 - * *wisdom:*
 - Your interpret all of life in terms of your family, creating a partial understanding and family narcissism.
 - * *power:*

- Your actions are limited by family models and traditions.
- *Money Centeredness.*
 - * *security:*
 - Your personal worth is determined by your net worth.
 - You are vulnerable to anything that threatens your economic security.
 - * *guidance:*
 - Profit is your decision-making criterion.
 - * *wisdom:*
 - Money-making is the lens through which life is seen and understood, creating imbalanced judgment.
 - * *power:*
 - You are restricted to what you can accomplish with your money and your limited vision.
- *Work Centeredness.*
 - * *security:*
 - You tend to define yourself by your occupational role.
 - You are only comfortable when you are working.
 - * *guidance:*
 - You make your decisions based on the needs and expectations of your work.
 - * *wisdom:*
 - You tend to be limited to your work role.
 - * *power:*
 - Your actions are limited by work role models, organizational constraints, occupational opportunities, your boss's perceptions, and your possible inability at some point in your life to do that particular work.
- *Possession Centeredness.*
 - * *security:*
 - Your security is based on your reputation, your social status, or the tangible things you possess.
 - You tend to compare what you have to what others have.
 - * *guidance:*
 - You make your decisions based on what will protect, increase, or better display your possessions.

- * *wisdom*:
 - You see the world in terms of comparative economic and social relationships
- * *power*:
 - You function within the limits of what you can buy or the social prominence you can achieve.
- *Pleasure Centeredness*.
- *Friend Centeredness*.
 - * *security*:
 - Your security is a function of the social mirror.
 - You are highly dependent on the opinions of others.
 - * *guidance*:
 - Your decision criterion is “What will they think?”
 - You are easily embarrassed.
 - * *wisdom*:
 - You see the world through a social lens.
 - * *power*:
 - You are limited by your social comfort zone.
 - Your actions are as fickle as opinion.
- *Enemy Centeredness*.
- *Church Centeredness*.
- *Self-Centeredness*.
 - * *security*:
 - Your security is constantly changing and shifting.
 - * *guidance*:
 - Your judgement criteria are: “If it feels good”, “What I want”, “What I need”, “What ’s in it for me?”
 - * *wisdom*:
 - Your view the world by how decisions, events or circumstances will affect you.
 - * *power*:
 - Your ability to act is limited to your own resources, without the benefits of interdependency.

3.2.9 Identify Your Center

- Perhaps the best way to identify your own center is to look closely at *your life-support factors*. If you can identify with one or more of the descriptions above, you can trace it back to the center from which it flows, a *center* which may be *limiting your personal effectiveness*.
- More often than not, a person's center is some *combination* of these and/or other *centers*.
- Most people are very much a function of *a variety of influences* that play upon their lives. Depending on *external or internal conditions*, *one particular center* may be *activated* until the underlying needs are satisfied. Then another center becomes the compelling force.
- The *ideal*, of course, is to *create one clear center* from which you *consistently* derive a high degree of security, guidance, wisdom, and power, empowering your proactivity and giving congruency and harmony to every part of your life.

3.2.10 A Principle Center

- By **centering** our lives on *correct principles*, we create a solid foundation for development of the four life-support factors.
- *Correct principles do not change*. We can depend on them.
- *Principles* don't **react** to anything. They don't **depend** on the behavior of *others*, the *environment*, or the *current fad* for their *validity*. Principles don't *die*.
- Principles are *deep, fundamental truths*, classic truths, generic common denominators.
- Even in the midst of people or circumstances that seem to ignore the principles, we can be *secure in the knowledge that principles are bigger than people or circumstances*.
- Admittedly, we're not omniscient. Our *knowledge and understanding* of correct principles is *limited*.
- We are limited, but *we can push back the borders of our limitations*.
- The *wisdom* and *guidance* that accompany *principle-centered living* come from *correct maps*, from the way things really are, have been, and will be. *Correct maps* enable us to clearly see where we want to go and how to get there. We can make our decisions using the *correct data* that will make their implementation possible and meaningful.
- The personal *power* that comes from principle-centered living is the power of a *self-aware, knowledgeable, proactive* individual, *unrestricted* by the attitudes, behaviors, and actions of *others* or by many of the *circumstances* and *environmental influences* that *limit* other people.
- The only real limitation of power is the natural consequences of the principles themselves. We are free to choose our actions, based on our knowledge of correct principles, but we are not free to choose the consequences of those actions.
- By centering our lives on *timeless, unchanging principles*, we create a *fundamental paradigm of effective living*. It is the *center* that puts all *other centers* in perspective.
- Remember that your *paradigm* is the *source* from which your *attitudes* and *behaviors*

flow.

- **Principle Centeredness.**

- **security:**

- * Your security is based on **correct principles** that **do not change**, regardless of external conditions or circumstances.
 - * You know that true principles can *repeatedly be validated* in your own life, through your own experiences.
 - * As a measurement of self-improvement, correct principles function with *exactness, consistency, beauty and strength*.
 - * Correct principles help you understand your own *development*, endowing you with the confidence to learn more, thereby increasing your knowledge and understanding.
 - * Your source of security provides you with an *immovable, unchanging, unfailing core* enabling you to see change as an exciting adventure and opportunity to make significant contributions.

- **guidance:**

- * You are guided by a **compass** which enables you to see where you want to go and how you will get there.
 - * You use *accurate data* which makes your decisions both implementable and meaningful.
 - * You stand apart from life's situations, and circumstances and look at **the balanced whole**.
 - * Your decisions and actions reflect both *short and long-term considerations* and implications.
 - * In every situation, you *consciously, proactively* determine the best alternative, basing decisions on conscience educated by principles.

- **wisdom:**

- * Your judgment encompasses a broad spectrum of *long-term consequences* and reflects a *wise balance* and quiet assurance.
 - * You see things differently and thus you think and act differently from the largely *reactive* world.
 - * You **view** the world through a **fundamental paradigm** for effective, provident living.
 - * You see the world in terms of what you can do for the world and its people.
 - * You adopt a **proactive lifestyle**, seeking to serve and build others.
 - * You interpret all of life's experiences in terms of *opportunities for learning and contribution*.

– **power**:

- * Your power is limited only by your understanding and observance of natural law and correct principles and by the natural consequences of the principles themselves.
- * You become a *self-aware, knowledgeable, proactive individual*, largely unrestricted by the attitudes, behaviors, or actions of others.
- * Your ability to act *reaches far beyond your own resources* and encourages highly developed levels of *interdependency*.
- * Your decisions and actions are not driven by your current financial or circumstantial limitations.
- * You experience an *interdependent freedom*.

3.2.11 Writing and Using a Personal Mission Statement

- As we go deeply within ourselves, as we understand and realign our basic paradigms to bring them in harmony with correct principles, we create both an effective, empowering center and a clear lens through which we can see the world. We can then focus that lens on how we, as unique individuals, relate to that world.
- We **detect** rather than *invent* our *missions in life*.

Each of us has an internal monitor or sense, a **conscience**, that gives us an *awareness* of our own uniqueness and the singular contributions that we can make.

- In seeking to give verbal expression to that uniqueness, we are again reminded of the *fundamental importance* of **proactivity** and of working *within* our **Circle of Influence**.
- Man should not ask what the **meaning** of his life is, but rather must recognize that *it is he who is asked*. In a word, each man is questioned by life; and he can only answer to life by **answering for his own life**; to life he can only respond by being **responsible**.
- **Personal responsibility**, or **proactivity**, is fundamental to the first creation. Habit 1 says “You are the programmer.” Habit 2, then, says, “Write the program.”

- A **mission statement** is not something you write overnight. It takes *deep introspection, careful analysis, thoughtful expression*, and often **many rewrites** to produce it in final form.

Even then, you will want to **review** it **regularly** and *make minor changes* as the years bring additional insights or *changing circumstances*.

- I find the *process* is as important as the *product*. Writing or reviewing a mission statement changes you because it forces you to think through your priorities deeply, carefully, and to align your behavior with your beliefs.

3.2.12 Using Your Whole Brain

- Our **self-awareness** empowers us to examine our own thoughts. This is particularly helpful in creating a personal mission statement because the two unique human endowments that enable us to practice Habit 2 – **imagination** and **conscience** – are primarily functions of the right side of the brain.

Understanding how to tap into that *right brain capacity* greatly increases our *first-creation ability*.

3.2.13 Two Ways to Tap the Right Brain

- The quality of our first creation is significantly impacted by our ability to use our creative right brain.
- The two ways to tap the right brain:
 - *Expand Perspective*
 - *Visualization* and *Affirmation*

3.2.14 Expand Perspective

- Sometimes we are knocked out of our left-brain environment and thought patterns and into the right brain by an *unplanned experience*.
- If you're *proactive*, you *don't have to wait* for circumstances or other people to create perspective-expanding experiences. You can *consciously create your own*.
- Expand your mind. *Visualize* in rich detail. Involve as many emotions and feelings as possible. Involve as many of the senses as you can.
- Things are suddenly placed in a *different perspective*. *Values* quickly *surface* that before weren't even recognized.

3.2.15 Visualization and Affirmation

- *Personal leadership* is not a singular experience. It doesn't begin and end with the writing of a *personal mission statement*.
- It is, rather, the *ongoing process* of keeping your *vision* and *values* before you and *aligning* your life to be congruent with those most important things.
- And in that effort, your powerful right-brain capacity can be a great help to you on a daily basis as you work to *integrate* your personal mission statement *into your life*. It's another application of "*Begin with the End in Mind*."
- A good *affirmation* has five basic ingredients:
 - it's *personal*,
 - it's *positive*,
 - it's *present tense*,
 - it's *visual*,
 - and it's *emotional*.
- The more clearly and vividly I can imagine the detail, the more deeply I will experience it, the less I will see it as a spectator.
- *Affirmation* and *visualization* are forms of *programming*, and we must be certain that we

do not submit ourselves to any programming that is not *in harmony with* our basic *center* or that comes from *sources* centered on money-making, self interest, or anything other than *correct principles*.

- I believe the higher use of *imagination* is *in harmony with* the use of *conscience* to *transcend self* and create a *life of contribution* based on unique purpose and on the *principles* that govern *interdependent reality*.

3.2.16 Identifying Roles and Goals

- We each have a number of *different roles* in our lives – different areas or capacities in which we have *responsibility*. And each of these roles is important.
- One of the major problems that arises when people work to become more effective in life is that they don't *think broadly* enough.

They lose the sense of *proportion*, the *balance*, the natural *ecology* necessary to effective living.

- You may find that *your mission statement* will be much more *balanced*, much easier to work with, if you *break it down into the specific role areas of your life* and the *goals* you want to accomplish in *each* area.
- Writing your mission in terms of the important *roles* in your life gives you *balance* and *harmony*. It keeps each role clearly before you. You can *review* your roles *frequently* to make sure that you don't get totally absorbed by one role to the exclusion of others that are equally or even more important in your life.
- After you identify your various roles, then you can think about *the long term goals* you want to accomplish in each of those roles.
- If these goals are the extension of a mission statement based on correct principles, they will be vitally different from the goals people normally set. They will be in harmony with correct principles, with natural laws, which gives you greater power to achieve them. They are your goals. They reflect your deepest values, your unique talent, your sense of mission. And they grow out of your chosen roles in life.
- *An effective goal focuses* primarily on *results* rather than *activity*. It identifies where you want to be, and, in the process, helps you determine where you are. It gives meaning and purpose to all you do.
- *Roles and goals* give *structure* and *organized direction* to your *personal mission*.

3.2.17 Organizational Mission Statements

- *Mission statements* are also vital to successful organizations.
- One of the *fundamental problems* in organizations, including families, is that people are *not committed to* the determinations of other people for their lives. They simply *don't buy into them*.
- Many times as I work with organizations, I find people whose goals are totally different from the goals of the enterprise. I commonly find reward systems completely out of alignment with stated value systems.

- *Without involvement, there is no commitment.*
- That's why creating an organizational mission statement *takes time, patience, involvement, skill, and empathy*. Again, it's not a quick fix. It takes time and sincerity, correct principles, and the courage and integrity to align systems, structure, and management style to the shared vision and values. But it's based on correct principles and it works.
- An organizational mission statement – one that truly reflects the deep *shared* vision and values of *everyone within that organization* – creates a great unity and tremendous commitment.

3.3 Habit 3: Put First Things First – Principles of Personal Management

1. Habit 1 says, “*You’re the creator. You are **in charge**.*” It’s based on the four unique *human endowments* of *imagination, conscience, independent will*, and particularly, *self-awareness*.
2. Habit 2 is the *first* or *mental creation*. It’s based on *imagination* and *conscience*. It’s the deep contact with our basic paradigms and values and the vision of what we can become.
3. Habit 3, then, is the second creation – *the physical creation*. It’s the exercise of *independent will* toward becoming *principle-centered*.

My own maxim of personal effectiveness is this: *Manage from the left; lead from the right.*

3.3.1 The Power of Independent Will

- In addition to *self-awareness, imagination, and conscience*, it is the fourth human endowment – *independent will* – that really makes effective self-management possible. It is the ability to make decisions and choices and to act in accordance with them.
- The degree to which we have developed our *independent will* in our everyday lives is measured by our *personal integrity*. *Integrity* is, fundamentally, the *value* we place *on ourselves*. It’s our ability to *make and keep commitments* to ourselves.
- *Effective management is putting first things first*. While leadership decides what “first things” are, it is management that puts them first, day-by-day, moment-by-moment. Management is *discipline*, carrying it out.

3.3.2 Four Generations of Time Management

- The best thinking in the area of *time management* can be captured in a single phrase: *Organize and execute around priorities*.
- In the area of **time management**, there are four generations of efforts. Each generation builds on the one before it.
 1. The first wave or generation could be characterized by *notes* and *checklists*
 2. The second generation could be characterized by *calendars* and *appointment books*.
 3. The third generation reflects the current time-management field. It adds to those preceding generations the important idea of *prioritization*, of clarifying *values*, and of comparing the relative worth of activities based on their *relationship* to those values. In addition, it focuses on setting *goals* – specific long-, intermediate-, and short-term

targets toward which time and energy would be directed in harmony with values. It also includes the concept of **daily planning**, of making a specific plan to accomplish those goals and activities determined to be of greatest worth.

4. The essential focus of the fourth generation of management can be captured in the **Time Management Matrix** diagrammed on the next page. The challenge is not to manage time, but to *manage ourselves*. *Satisfaction* is a function of **expectation** as well as **realization**. And expectation (and satisfaction) lie in our **Circle of Influence**.

3.3.3 Quadrant II

- The two factors that define an activity are **urgent** and **important**.
 - **Urgent** means it requires *immediate attention*. Urgent matters are usually *visible*. They press on us; they *insist* on **action**.
 - **Importance**, on the other hand, has to do with **results**. If something is important, it *contributes* to your mission, your values, your *high priority goals*.

- We **react** to **urgent matters**.

Important matters that are **not urgent** require more *initiative*, more **proactivity**.

- Look for a moment at the four *quadrants* in the **Time Management Matrix**.

1. **Quadrant I** is **both urgent and important**. It deals with significant results that require immediate attention. We usually call the activities in Quadrant I “**crises**” or “**problems**.” Quadrant I **consumes** many people. They are *crisis managers*, *problem-minded people*, the *deadline-driven producers*.

As long as you *focus* on Quadrant I, it keeps getting bigger and bigger until it **dominates** you.

2. **Quadrant II** is **not urgent but important**. Quadrant II is the **heart** of effective personal management. It consists of all **prevention, planning, relationship building** and **capacity-building** activities.
3. **Quadrant III** is **urgent but not important**. These are *interruptions, meetings, mails, calls* etc. The reality is that the *urgency* of these matters is often based on *the priorities and expectations of others*.
4. **Quadrant IV** is **neither urgent nor important**. Some people are literally beaten up by the problems all day every day. The only **relief** they have is in escaping to the not important, not urgent activities of Quadrant IV.

- **Effective people stay out of Quadrants III and IV** because, urgent or not, they **aren’t important**.

They also **shrink Quadrant I** down to size by spending more time in Quadrant II.

- In Quadrant II, It deals with things like *building relationships, writing a personal mission statement, long-range planning, exercising, preventive maintenance, preparation* – all those things we know we **need to do**, but somehow seldom get around to doing, because they aren’t urgent.

- *Effective people are **not problem-minded**; they're **opportunity-minded**. They feed opportunities and starve problems. They think **preventively**.*

They keep *P* and *PC* in *balance* by focusing on the *important, but not the urgent*, high-leverage **capacity-building activities** of Quadrant II.

- What one thing could you do in your personal and professional life that, if you did on a *regular basis*, would make a *tremendous positive difference* in your life? Quadrant II activities have that kind of impact. Our *effectiveness* takes the *quantum leaps* when we do them.

3.3.4 What It Takes to say “No”

- The only place to **get time** for Quadrant II in the beginning is from *Quadrants III and IV*. You can't ignore the urgent and important activities of Quadrant I, although it will shrink in size as you spend more time with prevention and preparation in Quadrant II. But the initial time for Quadrant II has come out of III and IV.
- You have to be **proactive** to work on Quadrant II because Quadrant I and III work on you. To say “yes” to important Quadrant II priorities, you have to learn to **say “no”** to other activities, *sometimes apparently urgent things*.
- You have to decide what your **highest priorities** are and have the **courage** – *pleasantly, smiling, nonapologetically* – to **say “no” to other things**. And the way you do that is by **having abigger “yes” burning inside**.

Only when you have the *self-awareness* to examine your program – and the *imagination* and *conscience* to create a new, unique, principle-centered program to which you can say “yes” – only then will you have sufficient independent will power to say “no,” with a genuine smile, to the unimportant.

- The enemy of the “**best**” is often the “good.” Even when the urgent is good, the good can keep you from your best, keep you from your unique contributions, if you let it.
- The essence of *effective time and life management* is to **organize and execute around balanced priorities**. Then I ask this question: if you were to fault yourself in one of three areas, which would it be:
 1. the inability to prioritize;
 2. the inability or desire to organize around those priorities;
 3. or the lack of discipline to execute around them, to stay with your priorities and organization?

Most people say their main fault is a lack of discipline. On deeper thought, I believe that is not the case. The basic problem is that *their priorities have not become **deeply planted in their hearts and minds***. They haven't really internalized Habit 2.

- Without a **principle center** and a **personal mission statement**, they don't have the necessary foundation to **sustain** their efforts.
- A **Quadrant II focus** is a paradigm that grows out of a **principle center**. Your independent will alone *cannot* effectively *discipline* you against your center.

- In the words of the architectural maxim, *form follows function*. Likewise, *management follows leadership*. The way you spend your time is a result of the way you see your time and the way you really see your priorities.

3.3.5 Moving into Quadrant II

- If Quadrant II activities are clearly the heart of effective personal management – the “first things” we need to put first – then how do we organize and execute around those things?
- 1. The first generation of time management does not even recognize the concept of priority.
- 2. Second-generation managers assume a little more control. They plan and schedule in advance and generally are seen as more responsible because they “show up” when they’re supposed to.

But again, the activities they schedule have no priority or recognized correlation to deeper values and goals. They have few significant achievements and tend to be schedule-oriented.

- 3. Third-generation managers take a significant step forward. They clarify their values and set goals. They plan each day and prioritize their activities. But this third generation has some critical *limitations*. First, it limits *vision*, in the form of “daily planning”. The very language “daily planning” focuses on the *urgent*.

In addition, the third generation makes no provision for managing *roles* in a *balanced* way. And its efficiency, time-management focus tends to *strain relationships* rather than build them.

Even the third generation, with its vast array of planners and materials, focuses primarily on helping people prioritize and plan their Quadrant I and III activities.

3.3.6 The Quadrant II Tool

- The objective of Quadrant II management is to manage our lives effectively
 1. from a center of sound principles,
 2. for a knowledge of our personal mission,
 3. with a focus on the important as well as the urgent,
 4. and within the framework of maintaining a balance between increasing our Production and increasing our Production Capability
- A Quadrant II organizer will need to meet six important criteria.
 - **Coherence:** Coherence suggests that there is harmony, unity, and *integrity* between your *vision* and *mission*, your *roles* and *goals*, your *priorities* and *plans*, and your desires and discipline.
 - **Balance:** Your tool should help you to keep balance in your life, to identify your various roles and keep them right in front of you, so that you *don’t neglect important areas* such as your health, your family, professional preparation, or personal development.
 - **Quadrant II Focus:** You need a tool that encourages you, motivates you, actually helps

you spend the time you need in Quadrant II, so that you're dealing with *prevention rather than prioritizing crises*.

Organizing on a *weekly basis* provides much greater balance and context than daily planning. The key is *not to prioritize what's on your schedule*, but to *schedule your priorities*.

- **A “People” Dimension:** You also need a tool that *deals with people*, not just schedules. While you can think in terms of efficiency in dealing with time, a principle-centered person thinks in terms of *effectiveness* in dealing with people. Your tool needs to reflect that value, to facilitate implementation rather than create guilt when a schedule is not followed.
- **Flexibility:** Your planning tool should be your servant, never your master.
- **Portability:** Your tool should also be portable, so that you can carry it with you most of the time.

3.3.7 Becoming A Quadrant II Self-Manager

- Quadrant II organizing involves four key activities:

1. **Identifying Roles:** The first task is to write down your *key roles*.

You don't need to worry about defining the roles in a way that you will live with for the rest of your life – just consider the week and write down the areas you see yourself spending time in during the next seven days.

2. **Selecting Goals:** The next step is to think of two or three important results you feel you should accomplish in each role during the next seven days. These would be recorded as *goals*.

At least some of these goals should reflect Quadrant II activities. Ideally, these short-term goals would be tied to the longer-term goals you have identified in conjunction with your personal mission statement.

3. **Scheduling:** Now you look at the week ahead *with your goals in mind* and schedule time to achieve them.

Having identified roles and set goals, you can *translate each goal to a specific day* of the week, either as a *priority item* or, even better, as a *specific appointment*.

You can also check your annual or monthly calendar for any appointments you may have previously made and evaluate their importance in the context of your goals, transferring those you decide to keep to your schedule and making plans to *reschedule* or *cancel* others.

4. **Daily Adapting:** With Quadrant II weekly organizing, daily planning becomes more a function of *daily adapting*, or prioritizing activities and responding to unanticipated events, relationships, and experiences in a meaningful way.

Taking a few minutes each morning to review your schedule can put you in touch with the *value-based decisions* you made as you organized the week as well as unanticipated factors that may have come up.

As you overview the day, you can see that your *roles* and *goals* provide a *natural prioritization* that grows out of your innate sense of balance.

3.3.8 Living It

- Living it is primarily a function of our independent will, our *self-discipline*, our *integrity*, and *commitment* – not to short-term goals and schedules or to the impulse of the moment, but to the *correct principles* and our own deepest values, which give meaning and context to our goals, our schedules, and our lives.
- The popularity of reacting to the urgent but unimportant priorities of other people in Quadrant III or the pleasure of escaping to Quadrant IV will threaten to overpower the important Quadrant II activities you have planned.
- Your *principle center*, your *self-awareness*, and your *conscience* can provide a high degree of *intrinsic security*, *guidance*, and *wisdom* to empower you to use your independent will and maintain *integrity* to the *truly important*.
- Again, you simply can't think efficiency *with people*. You think *effectiveness with people* and *efficiency with things*.

3.3.9 Advances of the Fourth Generation

- The efficiency paradigm of the third generation of management is out of harmony with the principle that *people are more important than things*.
- The fourth-generation tool recognizes that the first person you need to consider in terms of *effectiveness* rather than *efficiency* is *yourself*.
- The fourth generation of self-management is more advanced than the third in five important ways. The fourth generation of self-management is more advanced than the third in five important ways.
 1. First, it's *principle-centered*.
 2. Second, it's *conscience-directed*.
 3. Third, it defines your unique *mission*, including values and long-term goals.
 4. Fourth, it helps you *balance* your life by *identifying roles*, and by *setting goals* and *scheduling* activities *in each key role* every week.
 5. And fifth, it gives *greater context* through weekly organizing, rising above the limiting perspective of a single day and putting you in touch with your deepest values through review of your key roles.

3.3.10 Delegation: Increasing P and PC

- We accomplish all that we do through **delegation** – either to time or to other people. If we *delegate to time*, we think *efficiency*. If we *delegate to other people*, we think *effectiveness*.
- Effectively delegating to others is perhaps the single most powerful high-leverage activity there is.

- **Transferring responsibility** to other skilled and trained people enables you to give your energies to other high-leverage activities. **Delegation means growth**, both for individuals and for organizations.
- Because delegation involves other people, it is a *Public Victory* and could well be included in Habit 4. But because we are focusing here on *principles of personal management*, and **the ability to delegate to others** is the main difference between the role of **manager** and *independent producer*, I am approaching delegation from the standpoint of your personal managerial skills.
- **Management** is essentially moving the fulcrum over, and the *key* to **effective management** is **delegation**.

3.3.11 Gofer Delegation

- There are basically two kinds of delegation: “*gofer delegation*” and “*stewardship delegation*.”
 - **Gofer delegation** means “Go for this, go for that, do this, do that, and tell me when it’s done.” If they are given a position of supervision or management, they still think like producers. Because they are focused on *methods*, they become responsible for the *results*.

3.3.12 Stewardship Delegation

- – **Stewardship delegation** is focused on **results** instead of **methods**. It gives people a choice of method and *makes them responsible for results*. It takes more time in the beginning, but it’s time well invested. You can move the fulcrum over, you can increase your leverage, through stewardship delegation.
- Stewardship delegation involves clear, up-front mutual understanding and commitment regarding *expectations* in five areas.
 - **Desired Results:** Create a clear, mutual understanding of what needs to be accomplished, focusing on what, not how; results, not methods.
 - **Guidelines:** Identify the parameters within which the individual should operate. These should be as few as possible to avoid methods delegation, but should include any formidable restrictions.

If you know the failure paths of the job, identify them. Be honest and open
 - **Resources:** Identify the human, financial, technical, or organizational resources the person can draw on to accomplish the desired results.
 - **Accountability:** Set up the standards of performance that will be used in evaluating the results and the specific times when reporting and evaluation will take place.
 - **Consequences:** Specify what will happen, both good and bad, as a result of the evaluation.
- **Trust** is the highest form of **human motivation**. It brings out the very best in people. But it takes time and *patience*, and it doesn’t preclude the necessity to *train* and *develop* people so that their competency can rise to the level of that trust.

- I am convinced that if *stewardship delegation* is done *correctly*, both parties will benefit and ultimately much more work will get done in much less time.

3.3.13 The Quadrant II Paradigm

- The key to *effective management* of **self**, or of others *through delegation*, is not in any technique or tool or extrinsic factor. It is intrinsic – in the Quadrant II paradigm that empowers you to see through *the lens of importance rather than urgency*.

4 Public Victory

Before moving into the area of Public Victory, we should remember that *effective interdependence can only be built on a foundation of true independence*. **Private Victory precedes Public Victory**.

4.1 Paradigms of Interdependence

4.1.1 The Emotional Bank Account

- An **Emotional Bank Account** is a metaphor that describes the amount of *trust* that's been *built up in a relationship*. It's the feeling of *safeness* you have with another human being.
- If I make **deposits** into an *Emotional Bank Account* with you through *courtesy, kindness, honesty*, and *keeping my commitments* to you, I build up a **reserve**.

Your trust toward me becomes higher, and I can call upon that trust many times if I need to. I can even make mistakes and that trust level, that emotional reserve, will **compensate** for it.

- Remember that quick fix is a mirage. Building and repairing relationships takes time.

4.1.2 Six Major Deposits

- Let me suggest six major deposits that build the Emotional Bank Account:
 - **Understanding the Individual: Seeking to understand** another person is probably one of the most important deposits you can make, and it is the key to every other deposit. You simply don't know what constitutes a deposit to another person until you understand that individual.

To make a deposit, what is important to another person must be as important to you as the other person is to you.
 - **Attending to the Little Things:** The little kindnesses and courtesies are so important. Small discourtesies, little unkindnesses, little forms of disrespect make large withdrawals. *In relationships, the little things are the big things.*

People are very tender, very sensitive inside.
 - **Keeping Commitments:** *Keeping a commitment or a promise* is a **major deposit**; *breaking one* is a **major withdrawal**.

- **Clarifying Expectations:** The deposit is to *make the expectations clear* and *explicit* in the beginning.
- **Showing Personal Integrity:** *Personal integrity* generates trust and is the basis of many different kinds of deposits.
- **Apologizing Sincerely When You Make a Withdrawal:** When we make withdrawals from the Emotional Bank Account, we need to apologize and we need to do it sincerely. Great deposits come in the sincere words.

4.1.3 Attending to the Little Things

- The little kindnesses and courtesies are so important. Small discourtesies, little unkindnesses, little forms of disrespect make large withdrawals.
- *In relationships, the little things are the big things.*
- People are very tender, very sensitive inside.

4.1.4 Keeping Commitments

- *Keeping a commitment or a promise* is a **major deposit**; *breaking one* is a **major withdrawal**.
- In fact, there's probably not a more *massive withdrawal* than to make a promise that's important to someone and then not to come through. The next time a promise is made, they *won't believe* it.

4.1.5 Clarifying Expectations

- Many **expectations** are *implicit*. They haven't been explicitly stated or announced, but people nevertheless bring them to a particular situation. Although these expectations have not been discussed, or sometimes even recognized by the person who has them, *fulfilling them* makes *great deposits* in the *relationship* and *violating* them makes *withdrawals*.
- That's why it's so important whenever you come into a **new situation** to *get all the expectations out on the table*. People will begin to *judge* each other through those expectations.
- We create many **negative situations** by simply assuming that *our expectations* are **self-evident** and that they are clearly understood and shared by other people.
- The deposit is to *make the expectations clear* and *explicit* in the beginning.

4.1.6 Showing Personal Integrity

- *Personal integrity* generates trust and is the basis of many different kinds of deposits.
- **Integrity** includes but goes beyond **honesty**. Honesty is *telling the truth* – in other words, conforming our words to reality. **Integrity** is *conforming reality to our words* – in other words, keeping promises and fulfilling expectations. This requires an integrated character, a oneness, primarily with self but also with life.
- One of the most important ways to *manifest integrity* is to be **loyal** to those who are **not present**. In doing so, we build the trust of those who are present. When you defend those

who are absent, you retain the trust of those present.

- Integrity in an interdependent reality is simply this: you treat everyone by the same set of principles. As you do, people will come to trust you.

4.1.7 Apologizing Sincerely When You Make a Withdrawal

- When we make withdrawals from the Emotional Bank Account, we need to **apologize** and we need to do it **sincerely**. Great deposits come in the sincere words.
- It takes a great deal of **character strength** to *apologize* quickly out of one's heart rather than out of pity. A person must possess himself and have a deep sense of *security in fundamental principles and values* in order to genuinely apologize.

People with little internal security can't do it. It makes them too *vulnerable*.

- Sincere apologies make deposits; **repeated apologies** interpreted as *insincere* make *withdrawals*. And the quality of the relationship reflects it.
- It is one thing to make a *mistake*, and quite another thing **not to admit** it.

4.1.8 The Laws of Love and the Laws of Life

- When we make deposits of **unconditional love**, when we live the primary laws of love, we encourage others to live the primary laws of life.
- In other words, when we truly love others without condition, without strings, we help them feel **secure and safe and validated and affirmed in their essential worth, identity, and integrity**.
- Their natural growth process is encouraged. We make it easier for them to live **the laws of life – cooperation, contribution, self-discipline, integrity** – and to *discover* and live *true to the highest and best within them*.
- When we violate the primary *laws of love* – when we attach strings and conditions to that gift – we actually encourage others to *violate* the primary *laws of life*.

We put them in a *reactive, defensive* position where they feel they have to prove “I matter as a person, independent of you.”

4.1.9 P Problems are PC Opportunities

- This experience also taught me another powerful paradigm of **interdependence**.
- The very **problem** created the **opportunity** to build a *deep relationship* that empowered us to work together as a *strong complementary* team.
- By recognizing that **the P/PC Balance** is necessary to **effectiveness** in an *interdependent reality*, we can *value* our *problems* as *opportunities to increase PC*.

4.2 Habit 4: Think Win/Win – Principles of Interpersonal Leadership

4.2.1 Six Paradigms of Human Interaction

- Win-win is not a technique; it's a total philosophy of human interaction.

- There are six paradigms of human interaction:

- **Win/Win.** Win-win is a frame of mind and heart that constantly seeks mutual benefit in all human interactions. Win-win means that agreements or solutions are mutually beneficial, mutually satisfying.

Win/Win sees life as a *cooperative*, not a competitive arena.

Win/Win is a belief in the *Third Alternative*. It's not your way or my way; it's a better way, a higher way.

- **Win/Lose.** In leadership style, Win/Lose is the *authoritarian* approach. Most people have been deeply scripted in the Win/Lose mentality since birth.

It's based on *power and position* rather than on *principle*.

Certainly there is a place for Win/Lose thinking in truly competitive and *low-trust situations*. But most of life is not a *competition*.

- **Lose/Win.** Lose/Win is *worse* than Win/Lose because it has *no standards* – *no demands, no expectations, no vision*.

People who think Lose/Win are usually quick to please or appease. They seek strength from *popularity* or *acceptance*. They have *little courage* to express their own feelings and convictions and are easily *intimidated* by the ego strength of others.

In negotiation, *Lose/Win is seen as capitulation* – *giving in or giving up*. In leadership style, it's *permissiveness* or *indulgence*. Lose/Win means being *a nice guy*, even if "nice guys finish last".

- **Lose/Lose.** When two *Win/Lose* people get together – that is, when two determined, stubborn, ego-invested individuals interact – the result will be *Lose/Lose*. *Both will lose*.

Lose/Lose is also the philosophy of the *highly dependent* person *without inner direction* who is *miserable* and thinks everyone else should be, too. "If nobody ever wins, perhaps being a loser isn't so bad".

- **Win.** People with the *win mentality* don't necessarily want someone else to lose. That's irrelevant.

When there is *no sense of contest or competition*, win is probably the most common approach in everyday *negotiation*. A person with the win mentality thinks in terms of securing his own ends – and leaving it to others to secure theirs.

- **Win/Win or No Deal.**

- The best choice, then, depends on *reality*. The challenge is to read that reality accurately and not to translate win/lose or other scripting into every situation.
- Most situations, in fact, are part of an *interdependent reality*, and then win/win is really the only viable alternative of the five.
 - Win/lose is not viable because, although I appear to win in a confrontation with you, your feelings, your attitudes toward me and our relationship have been affected.

- If we come up with a lose/win, you may appear to get what you want for the moment. You may carry battle scars with me into any future negotiations.
- if I focus on my own win and don't even consider your point of view, there's no basis for any kind of productive relationship.

4.2.2 Win/Win or No Deal

- If these individuals had not come up with a *synergistic solution* – one that was *agreeable to both* – they could have gone for an even higher expression of win/win, **Win/Win or No Deal**.
- **No deal** basically means that if we can't find a solution that would *benefit us both*, we *agree to disagree agreeably* – no deal. No expectations have been created, no performance contracts established.
- Anything less than win-win in an interdependent reality is a *poor second best* that will have impact in the long-term relationship. The cost of the impact needs to be carefully considered.
- *Win-Win or No Deal* provides tremendous *emotional freedom* in the **family relationship**. If family members can't agree on a video that everyone will enjoy, they can simply decide to do something else – no deal – rather than having some enjoy the evening at the expense of others.
- The *Win-Win or No Deal* approach is most *realistic* at the *beginning* of a **business relationship or enterprise**. In a continuing business relationship, no deal may not be a viable option, which can create serious problems, especially for family businesses or businesses that are begun initially on the basis of friendship.
- Without no deal, many such businesses simply *deteriorate* and either fail or have to be turned over to professional managers.

4.2.3 Five Dimensions of Win/Win

- Think Win/Win is the *habit* of **interpersonal leadership**.
- Effective interpersonal leadership requires the *vision*, the *proactive initiative*, and the *security, guidance, wisdom, and power* that come from **principle-centered personal leadership**.
- The principle of win-win is fundamental to success in all our interactions, and it embraces **five interdependent dimensions** of life. It begins with *character* and moves toward *relationships*, out of which flow *agreements*. It is nurtured in an environment where *structure and systems* are based on win/win. And it involves *process*; we cannot achieve win/win ends with win/lose or lose/win means.

4.2.4 Character

- **Character** is the *foundation* of win/win, and everything else builds on that foundation. There are *three* character traits essential to the win-win paradigm.
 - **Integrity**: We've already defined integrity as the value we place on ourselves. Habits 1, 2, and 3 help us develop and maintain integrity.

As we clearly identify our values and proactively organize and execute around those values on a daily basis, we develop *self-awareness* and *independent will* by making and *keeping* meaningful *promises* and *commitments*.

There's no way to go for a win in our own lives if we don't even know, in a deep sense, ***what constitutes a win*** – what is, in fact, harmonious with our *innermost values*.

- ***Maturity***: Maturity is the ***balance*** between ***courage*** and ***consideration***. If a person can express his feelings and convictions with *courage balanced with consideration* for the feelings and convictions of another person, he is *mature*, particularly if the issue is very important to both parties.

It is a deep embodiment of the *P/PC Balance*. Whether it's called the ***ego strength/empathy balance***, the ***self confidence/respect for others balance***, the ***concern for people/concern for tasks balance***, the quality sought for is the balance of what I call courage and consideration.

The basic task of *leadership* is to increase the standard of living and the quality of life for all stakeholders.

To achieve that balance between courage and consideration, is the essence of real maturity and is *fundamental* to win/win.

- ***Abundance Mentality***: The third character trait essential to win/win is the *Abundance Mentality*, the paradigm that ***there is plenty out there for everybody***. The ***Scarcity Mentality*** is the ***zero-sum paradigm*** of life.

People with a Scarcity Mentality have a very difficult time sharing recognition and credit, power or profit – even with those who help in the production. It's almost as if something is being taken from them when someone else receives special recognition or windfall gain or has remarkable success or achievement.

Often, people with a *Scarcity Mentality* harbor secret *hopes that others might suffer misfortune* – not terrible misfortune, but acceptable misfortune that would keep them “in their place.” They're always ***comparing***, always ***competing***. They give their energies to possessing things or other people in order to increase their sense of worth.

The *Abundance Mentality*, on the other hand, flows out of a *deep inner sense* of ***personal worth*** and ***security***. It is the paradigm that there is plenty out there and enough to *spare for everybody*. It results in ***sharing*** of *prestige*, of *recognition*, of *profits*, of *decision making*. It opens *possibilities*, *options*, *alternatives*, and *creativity*.

The Abundance Mentality takes the personal joy, satisfaction, and fulfillment of Habits 1, 2, and 3 and turns it *outward*, *appreciating the uniqueness*, the *inner direction*, the *proactive nature* of others.

Public Victory does not mean victory over other people. It means success in ***effective interaction*** that brings ***mutually beneficial*** results to everyone involved. Public Victory means working together, communicating together, making things happen together that even the same people couldn't make happen by working independently. And *Public Victory* is an ***outgrowth*** of the *Abundance Mentality* paradigm.

- A character rich in *integrity*, *maturity*, and the *Abundance Mentality* has a genuineness that

goes far beyond technique, or lack of it, in human interaction.

4.2.5 Relationships

- From the foundation of character, we build and maintain win-win relationships. The *trust*, the *Emotional Bank Account*, is the *essence of win-win*. Without trust, the best we can do is compromise; without trust, we lack the credibility for open, mutual learning and communication and real creativity.
- Enough deposits have been made so that you know and I know that we deeply respect each other.
- A relationship where *bank accounts are high* and *both parties* are deeply committed to win/win is the ideal springboard for *tremendous synergy* (Habit 6).
- Dealing with *win/lose* is the real *test of win/win*. Rarely is win/win easily achieved in any circumstance. Deep issues and fundamental differences have to be dealt with. But it is much easier when both parties are aware of and committed to it and where there is a high Emotional Bank Account in the relationship.
- When you're dealing with a person who is coming from a paradigm of win/lose, the *relationship* is still the key. The place to focus is on your *Circle of Influence*.

You make deposits into the Emotional Bank Account through genuine courtesy, respect, and appreciation for that person and for the other point of view. You stay longer in the communication process. You *listen* more, you listen in greater depth. You express yourself with greater *courage*. You aren't reactive. You go deeper inside yourself for *strength* of character to be *proactive*. You keep hammering it out until the other person begins to realize that you genuinely want the resolution to be a real win for both of you. That very process is a tremendous deposit in the Emotional Bank Account.

- It goes beyond *transactional leadership* into *transformational leadership*, transforming the individuals involved as well as the relationship.
- Remember that no deal is always an option. Or you may occasionally choose to go for the low form of win-win – compromise.
- It's important to realize that not all decisions need to be win-win, even when the Emotional Bank Account is high.
- An agreement means very little in letter without the *character* and *relationship base* to sustain it in spirit. So we need to approach win/win from a genuine desire to invest in the relationships that make it possible.

4.2.6 Agreements

- From relationships flow the *agreements* that give definition and direction to win/win. They are sometimes called *performance agreements* or *partnership agreements*, or shifting the *paradigm of productive interaction* from *vertical* to *horizontal*, from *hovering supervision* to *self-supervision*, from *positioning* to *being partners* in success.
- Win/Win Agreements cover a wide scope of *interdependent interaction*.

- In Win/Win agreement, the following five elements are made very explicit:
 - ***Desired results*** (not methods) identify what is to be done and when.
 - ***Guidelines*** specify the parameters (principles, policies, etc.) within which results are to be accomplished.
 - ***Resources*** identify the human, financial, technical, or organizational support available to help accomplish the results.
 - ***Accountability*** sets up the standards of performance and the time of evaluation.
 - ***Consequences*** specify – good and bad, natural and logical – what does and will happen as a result of the evaluation.

These five elements give Win-Win Agreements a life of their own. A clear *mutual understanding* and *agreement up front* in these areas creates a standard against which people can measure their own success.

4.2.7 Win/Win Performance Agreements

- Creating Win-Win Performance Agreements requires vital *Paradigm Shifts*. The focus is on ***results***; not *methods*. Most of us tend to *supervise methods*. But ***Win-Win Agreements focus on results***, releasing tremendous individual human potential and *creating greater synergy, building PC in the process* instead of *focusing exclusively on P*.
- With win-win accountability, people evaluate themselves.
- Developing such a Win-Win Agreement is the central activity of ***management***. With an agreement in place, employees can manage themselves within the framework of that agreement.
- There are basically four kinds of consequences (rewards and penalties) that management or parents can control – ***financial, psychic, opportunity, and responsibility***.
 - ***Financial consequences*** include such things as income, stock options, allowances, or penalties.
 - ***Psychic*** or ***psychological consequences*** include recognition, approval, respect, credibility, or the loss of them. Unless people are in a survival mode, psychic compensation is often more motivating than financial compensation.
 - ***Opportunity*** includes training, development, perks, and other benefits.
 - ***Responsibility*** has to do with scope and authority, either of which can be enlarged or diminished.

4.2.8 Systems

- Win/win can only survive in an organization when *the systems support it*. If you talk win/win but reward win/lose, you've got a losing program on your hands.
- You basically get what you reward. If you want to achieve the goals and reflect the values in your mission statement, then you need to ***align the reward system with these goals and values***.

- *Competition has its place in the marketplace* or against last year's performance – perhaps even against another office or individual where there is no particular interdependence, no need to cooperate.

But *cooperation in the workplace* is as important to free enterprise as competition in the marketplace. *The spirit of win/win cannot survive in an **environment of competition and contests**.*

- For win/win to work, the systems have to support it. The training system, the planning system, the communication system, the budgeting system, the information system, the compensation system – all have to be based on the principle of win/win.
- So often the problem is in the **system**, not in the people. If you put good people in *bad systems*, you get *bad results*. You have to water the flowers you want to grow.
- As people really learn to Think Win/Win, they can set up the systems to *create and reinforce* it. They can transform ***unnecessarily competitive situations*** to ***cooperative*** ones and can powerfully impact their effectiveness by building both P and PC.

4.2.9 Processes

- There's no way to achieve win-win ends with win/lose or lose/win means. So the question becomes how to arrive at a win/win solution.
- “principled” approach versus the “positional” approach to bargaining in their tremendously useful and insightful book.
- The *essence* of ***principled negotiation*** is
 - to ***separate the person from the problem***,
 - to ***focus on interests and not on positions***,
 - to ***invent options for mutual gain***,
 - and to ***insist on objective criteria***
- some external standard or principle that both parties can buy into.
- I suggest that they become involved in the following four-step process:
 - First, see the problem ***from the other point of view***. Really seek to understand and give expression to the needs and concerns of the other party as well as or better than they can themselves.
 - Second, ***identify the key issues*** and concerns (not positions) involved.
 - Third, determine what *results* would constitute a ***fully acceptable solution***.
 - And fourth, identify possible ***new options*** to achieve those results.

4.3 Habit 5: Seek First to Understand, Then to Be Understood – Principles of Empathic Communication

We have such a tendency to rush in, to fix things up with good advice. But we often fail to take the time to diagnose, to really, deeply understand the problem first.

If I were to summarize in one sentence the single most important principle I have learned in the field of interpersonal relations, it would be this: ***Seek First to Understand, Then to Be Understood***. This principle is the key to ***effective interpersonal communication***.

4.3.1 Character and Communication

- Communication is the most important skill in life.
- But what about ***listening***?
- If you want to ***interact effectively*** with me, to ***influence*** me – your spouse, your child, your neighbor, your boss, your coworker, your friend – you first need to understand me. And you can't do that with technique alone. If I sense you're using some technique, I sense duplicity, manipulation.
- The real key to your ***influence*** with me is your example, your actual ***conduct***. Your example flows naturally *out of your character*, of the kind of person you truly are – not what others say you are or what you may want me to think you are.
- Your ***character*** is constantly *radiating, communicating*. From it, in the long run, I come to instinctively trust or distrust you and your efforts with me.
- But unless I open up with you, unless you understand me and my unique situation and feelings, you won't know how to advise or counsel me.
- Unless *you're influenced by my uniqueness*, I'm not going to be influenced by your advice. So if you want to be really effective in the habit of interpersonal communication, you cannot do it with technique alone. You have to build the skills of empathic listening on a base of character that inspires openness and trust. And you have to build the Emotional Bank Accounts that create a commerce between hearts.

4.3.2 Empathic Listening

- “***Seek first to understand***” involves a very deep shift in paradigm. We typically *seek first to be understood*.
- Most people do not listen with the intent to understand; *they listen with the intent to reply*. They're either *speaking* or *preparing to speak*. They're *filtering* everything through *their own paradigms*, reading their ***autobiography*** into other people's lives.
- We're filled with *our own rightness, our own autobiography*. We want to be understood. Our conversations become ***collective monologues***, and we never really understand what's going on inside another human being.
- When another person speaks, we're usually “*listening*” at one of four levels.
 - We may be ***ignoring*** another person, not really listening at all.
 - We may practice ***pretending***.
 - We may practice ***selective listening***, hearing only certain parts.
 - Or we may even practice ***attentive listening***, paying attention and focusing energy on the words that are being said.

But very few of us ever practice the fifth level, the highest form of listening, *empathic listening*.

- When I say empathic listening, I am not referring to the techniques of “*active*” listening or “*reflective*” listening, which basically involve *mimicking* what another person says. That kind of listening is skill-based, truncated from character and relationship, and often *insults* those “listened” to in such a way.
- It is also essentially *autobiographical*. If you practice those techniques, you may not project your autobiography in the actual interaction, but your *motive in listening* is *autobiographical*.
- You listen with *reflective* skills, but you listen with *intent to reply, to control, to manipulate*.
- When I say empathic listening, I mean *listening with intent to understand*. I mean seeking *first to understand*, to really understand. It’s an entirely different paradigm.
- *Empathic* (from *empathy*) *listening* gets *inside another person’s frame of reference*.
- *Empathy is not sympathy*. *Sympathy* is a form of *agreement*, a form of *judgment*. It makes them *dependent*. The essence of empathic listening is not that you agree with someone; it’s that you *fully, deeply, understand* that person, emotionally as well as intellectually.
- *Empathic listening* involves much more than *registering, reflecting*, or even *understanding* the words that are said.

Communications experts estimate, in fact, that only 10 percent of our communication is represented by the words we say. Another 30 percent is represented by our sounds, and 60 percent by our *body language*. In empathic listening, you listen with your *ears*, but you also, and more importantly, listen with your *eyes* and with your *heart*.

- *Empathic listening* is so powerful because it gives you *accurate data* to work with. You’re dealing with the reality inside another person’s head and heart. You’re *listening to understand*. You’re focused on receiving the deep communication of another human soul.
- In addition, *empathic listening* is the key to *making deposits in Emotional Bank Accounts*, because nothing you do is a deposit unless the other person *perceives* it as such.

It’s deeply *therapeutic* and *healing* because it gives a person “psychological air”.

- This is one of the greatest insights in the field of human motivations: *Satisfied needs do not motivate*. It’s only the *unsatisfied* need that motivates. Next to physical survival, the greatest need of a human being is *psychological survival* – to be understood, to be affirmed, to be validated, to be appreciated.
- Seeking first to understand, *diagnosing before you prescribe*, is hard. It’s so much easier in the short run to hand someone a pair of glasses that have fit you so well these many years.
- But in the long run, it severely depletes both P and PC. You can’t achieve *maximum interdependent production* from an inaccurate understanding of where other people are coming from. And you can’t have *interpersonal PC* – high Emotional Bank Accounts – if the people you relate with don’t really feel understood.
- Empathic listening is also *risky*. It takes a great deal of security to go into a deep listening experience because you *open yourself up to be influenced*. You become *vulnerable*.

It's a paradox, in a sense, because in order to have *influence*, you have *to be influenced*.

4.3.3 Diagnose Before You Prescribe

- Although it's risky and hard, *seek first to understand*, or *diagnose before you prescribe*, is a correct principle manifesting many areas of life. It's the mark of all true professionals.
- If you don't have *confidence* in the diagnosis, you won't have confidence in the prescription.
- *Diagnosing before you prescribe* is also fundamental to law.
- *Seek first to understand* is a correct principle evident in all areas of life. It's a *generic, common-denominator principle*, but it has its greatest power in the area of *interpersonal relations*.

4.3.4 Four Autobiographical Responses

- Because we listen *autobiographically*, we tend to respond in one of four ways.
 - We *evaluate* – we either agree or disagree;
 - we *probe* – we ask questions from our own frame of reference;
 - we *advise* – we give counsel based on our own experience;
 - or we *interpret* – we try to figure people out, to explain their motives, their behavior, based on our own motives and behavior.

But how do they affect our ability to really understand?

- We are so deeply *scripted* in these responses that we don't even realize when we use them.
- To many, seek first to understand becomes the most exciting, the most immediately applicable, of all the Seven Habits.
- Can you see how *limited* we are when we try to understand another person on the basis of *words alone*, especially when we're looking at that person through our own glasses?
- You will never be able to truly *step inside another person*, to see the world as he sees it, until you develop the *pure desire*, the *strength of personal character*, and the *positive Emotional Bank Account*, as well as *the empathic listening skills* to do it.
- The *skills*, the tip of the iceberg of empathic listening, involve four developmental stages
 - The first and least effective is to *mimic content*. Mimicking content is easy. You just listen to the words that come out of someone's mouth and you repeat them. You're hardly even using your brain at all.
 - The second stage of empathic listening is to *rephrase the content*. It's a little more effective, but it's still limited to the verbal communication.
 - The third stage brings your right brain into operation. You *reflect feeling*.
 - The fourth stage includes *both* the second and the third. You *rephrase the content* and *reflect the feeling*.
- Now, what happens when you use fourth stage empathic listening skills is really incredible. As

you authentically seek to understand, as you rephrase content and reflect feeling, you give him psychological air. You also help him work through his own thoughts and feelings. As he grows in his confidence of your sincere desire to really listen and understand, the barrier between what's going on inside him and what's actually being communicated to you disappears. It opens a soul-to-soul flow. He's not thinking and feeling one thing and communicating another. He begins to trust you with his innermost tender feelings and thoughts.

- And we'll never get to the problem if we're so caught up in our own autobiography, our own paradigms, that we don't take off our glasses long enough to see the world from another point of view.
- By seeking first to understand, this father has just turned a *transactional opportunity* into a *transformational opportunity*.
- As long as the response is *logical*, the father can effectively ask questions and give counsel. But the moment the response becomes *emotional*, he needs to go back to *empathic listening*.
- There are times *when transformation requires no outside counsel*. Often when people are really given the chance to open up, they unravel their own problems and the solutions become clear to them in the process.
- At other times, they really need additional perspective and help. The key is to genuinely seek the welfare of the individual, to listen with empathy, to let the person get to the problem and the solution at his own pace and time.
- In fact, sometimes words may just get in your way. That's one very important reason why technique alone will not work. That kind of understanding transcends technique. Isolated technique only gets in the way.
- The skills will not be effective unless they come from a *sincere desire to understand*. People resent any attempt to manipulate them.
- *Affirming your motive* is a huge deposit.
- But if you're not sincere, I wouldn't even try it. It may create an openness and a vulnerability that will later turn to your harm when a person discovers that you really didn't care, you really didn't want to listen, and he's left open, exposed, and hurt.
- *Empathic listening takes time*, but it doesn't take anywhere near as much time as it takes to back up and correct misunderstandings when you're already miles down the road, to redo, to live with unexpressed and unsolved problems, to deal with the results of not giving people psychological air.
- A *discerning empathic listener* can read what's happening down deep fast, and can show such acceptance, such understanding, that other people feel safe to open up layer after layer until they get to that soft inner core where the problem really lies.
- People want to be understood.

4.3.5 Understanding and Perception

- As you learn to listen deeply to other people, you will *discover tremendous differences in perception*. You will also begin to *appreciate* the impact that these differences can have as people try to work together in interdependent situations.

- Now, with all our differences, we're trying to work together – in a marriage, in a job, in a community service project – to manage resources and accomplish results.
- So how do we do it? The answer is Habit 5. It's *the first step in the process of win-win*. Even if (and especially when) the other person is not coming from that paradigm, *seek first to understand*.

4.3.6 Then Seek to Be Understood

- *Seek First to Understand, Then to be Understood*.
- **Knowing how to be understood** is the other half of Habit 5, and is equally critical in reaching win-win solutions.
- *Seeking to understand* requires *consideration*; *seeking to be understood* takes *courage*. Win/win requires a high degree of both.
- – **Ethos** is your *personal credibility*, the faith people have in your integrity and competency. It's the trust that you inspire, your Emotional Bank Account.
- – **Pathos** is the empathic side – it's the feeling. It means that you are in alignment with the emotional trust of another person's communication.
- – **Logos** is the logic, the reasoning part of the presentation.
- Notice the sequence: ethos, pathos, logos – your **character**, and your **relationships**, and then *the logic of your presentation*.
- When you can *present your own ideas clearly*, specifically, **visually**, and most important, **contextually** – in the context of a deep understanding of their paradigms and concerns – you *significantly increase the credibility* of your ideas.

4.3.7 One on One

- Habit 5 is powerful because it is right in the middle of your **Circle of Influence**. Many factors in *interdependent* situations are in your Circle of Concern – *problems, disagreements, circumstances*, other people's *behavior*.
- But you can always *seek first to understand*. That's something that's **within your control**.
And as you do that, as you focus on your *Circle of Influence*, you really, deeply understand other people. You have accurate information to work with, you get to the heart of matters quickly, you build *Emotional Bank Accounts*, and you give people the *psychological air* they need so you can work together effectively.
- It's the *Inside-Out approach*. Because you really listen, you become **influenceable**. And being influenceable is the key to influencing others. Your circle begins to expand. You increase your ability to influence many of the things in your Circle of Concern.
- The next time you communicate with anyone, you can put aside your own autobiography and genuinely seek to understand. Even when people don't want to open up about their problems, you can be empathic.
- You can sense their hearts, you can sense the hurt, and you can respond, "You seem down

today.” They may say nothing. That’s all right. You’ve shown understanding and respect.

- Don’t push; be *patient*; be *respectful*. People don’t have to open up verbally before you can empathize. You can empathize all the time with their behavior. You can be *discerning*, *sensitive*, and *aware* and you can live outside your autobiography when that is needed.
- We often share our different perceptions of the situation, and we *role-play* more effective approaches to difficult interpersonal family problems.
- The time you invest to deeply understand the people you love brings tremendous dividends in open communication.
- Seek first to understand. Before the problems come up, before you try to evaluate and prescribe, before you try to present your own ideas – *seek to understand*. It’s a powerful habit of effective interdependence.

4.4 Habit 6: Synergize – Principles of Creative Cooperation

When properly understood, *synergy* is the highest activity in all life – the true test and manifestation of all the other habits put together.

The highest forms of synergy focus

- the four unique human endowments,
- the motive of win-win,
- and the skills of empathic communication

on the toughest challenges we face in life. What results is almost miraculous. We create new alternatives – something that wasn’t there before.

Synergy is the essence of *Principle-Centered Leadership*. It is the essence of principle-centered parenting. It *catalyzes*, *unifies*, and *unleashes the greatest powers within people*. All the habits we have covered prepare us to create the miracle of synergy.

What is *synergy*? Simply defined, it means that *the whole is greater than the sum of its parts*. It means that the relationship which the parts have to each other is a part in and of itself. It is not only a part, but the most *catalytic*, the most *empowering*, the most *unifying*, and the most *exciting* part.

Synergy is everywhere in nature. The whole is greater than the sum of its parts. One plus one equals three or more.

Family life provides many opportunities to observe synergy and to practice it.

The *essence* of *synergy* is to *value differences* – to respect them, to build on strengths, to compensate for weaknesses.

4.4.1 Synergistic Communication

- When you *communicate synergistically*, you are simply opening your mind and heart and expressions to new possibilities, new alternatives, new options.

You’re not sure when you engage in synergistic communication how things will work out or

what the end will look like, but you do have an inward sense of excitement and security and adventure, believing that it will be significantly better than it was before. And that is the end that you have in mind.

- Many people have not really experienced even a moderate degree of synergy in their family life or in other interactions. They've been trained and *scripted* into ***defensive and protective communications*** or into believing that life or other people can't be trusted. As a result, they are never really open to Habit 6 and to these principles.

This represents one of the great tragedies and wastes in life, because so much potential remains untapped – completely undeveloped and unused.

- These things can be produced regularly, consistently, almost daily in people's lives. But it requires enormous ***personal security*** and ***openness*** and a spirit of adventure.
- Almost all ***creative endeavors*** are somewhat unpredictable. They often seem ambiguous, hit-or-miss, trial and error.

4.4.2 Levels of Communication

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4.4.3 Negative Synergy

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4.4.4 Valuing the Differences

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4.4.5 All Nature is Synergistic

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5 Renewal

5.1 Habit 7: Sharpen the Saw – Principles of Balanced Self-Renewal

5.1.1 Four Dimensions of Renewal

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5.1.2 The Physical Dimension

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5.1.3 The Spiritual Dimension

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5.1.4 The Mental Dimension

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5.1.5 The Social/Emotional Dimension

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5.1.6 Scripting Others

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5.1.7 Balance in Renewal

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5.1.8 Synergy in Renewal

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5.1.9 The Upward Spiral

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5.2 Inside-Out Again

5.2.1 Intergenerational Living

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5.2.2 Becoming a Transition Person

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References