PRINCIPLES
RAY DALIO
EXPLAINED

Think for yourself and decide:

1. What you want
2. What is true
3. What you should do to achieve #1 in light of #2

Do that with humility and open-mindedness so that you consider the best thinking available to you.

LIFE PRINCIPLES

Look to the patterns of those things that affect you in order to understand the cause-effect relationships that drive them and to learn principles for dealing with them effectively.

WORK PRINCIPLES

An organization is a machine consisting of two major parts: culture and people.

CULTURE PRINCIPLES

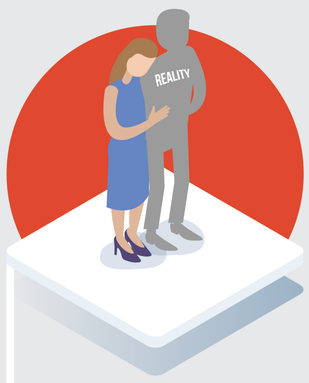
Recognize that if the people who have the power don't want to operate by principles, the principled way of operating will fail.

PEOPLE PRINCIPLES

Knowing how people operate and being able to judge whether that way of operating will lead to good results is more important than knowing what they did.

MACHINE PRINCIPLES

For every case you deal with, your approach should have two purposes: 1) To move you closer to your goal, and 2) to train and test your machine.



EMBRACE REALITY & DEAL WITH IT

Truth--or, more precisely, an accurate understanding of reality--is the essential foundation for any good outcome.

DO WHAT YOU SET OUT TO DO

Work for goals that you and your organization are excited about and think about how your tasks connect to those goals.

REMEMBER THAT THE WHO IS MORE IMPORTANT THAN THE WHAT

Recognize that the most important decisoin for you to make is who you choose as your resposible parties.

CULTIVATE MEANINGFUL WORK & MEANINGFUL RELATIONSHIPS

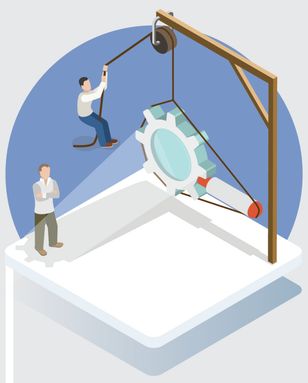
Treasure honorable people who are capable and will treat you well even when you're not looking.

USE THE 5-STEP PROCESS TO GET WHAT YOU WANT OUT OF LIFE

Remember that weaknesses don't matter if you find solutions.

CONSTANTLY TRAIN, TEST, EVALUATE, & SORT PEOPLE

Make the process of learning what someone is like open, evolutionary, and iterative.



PERCEIVE & DON'T TOLERATE PROBLEMS

Design and oversee a machine to perceive whether things are good enough or not, or do it yourself.

UNDERSTAND THAT PEOPLE ARE WIRED VERY DIFFERENTLY

Meaningful work and meaningful relationships aren't just nice things we chose for ourselves --they are genetically programmed into us.

MANAGE AS SOMEONE OPERATING A MACHINE TO ACHIEVE A GOAL

Understand the difference between managing, micro-managing, and not managing.

RECOGNIZE HOW TO GET BEYOND DISAGREEMENTS

Once a decision is made, everyone should get behind it even though individuals may still disagree.

CULTIVATE A CULTURE IN WHICH IT IS OKAY TO MAKE MISTAKES & UNACCEPTABLE NOT TO LEARN FROM THEM

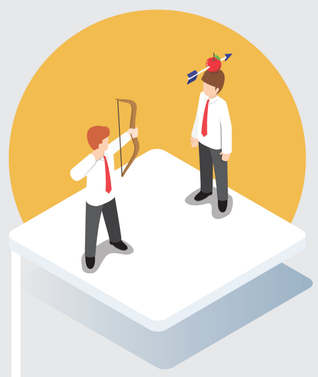
Don't worry about looking good--worry about achieving your goals.

BELIEVABILITY WEIGHT YOUR DECISION MAKING

Recognize that having an effective idea meritocracy requires that you understand the merit of each person's ideas.

BE RADICALLY OPEN-MINDED

Recognize that to gain the perspective that comes from seeing things through another's eyes, you must suspend judgment for a time--only by empathizing can you properly evaluate another point of view.

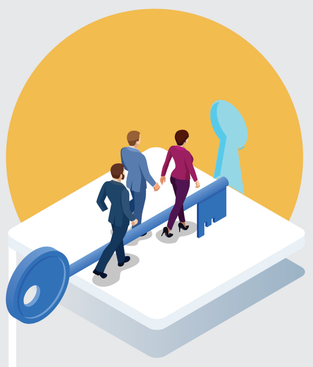


TRUST IN RADICAL TRUTH & RADICAL TRANSPARENCY

Create an environment in which everyone has the right to understand what makes sense and no one has the right to hold a critical opinion without speaking up.

DIAGNOSE PROBLEMS TO GET AT THEIR ROOT CAUSES

To diagnose well, ask the following questions: 1) Is the outcome good or bad? 2) Who is responsible for the outcome? 3) If the outcome is bad, is the reponsible party incapable and/or is the design bad?



GET & STAY IN SYNC

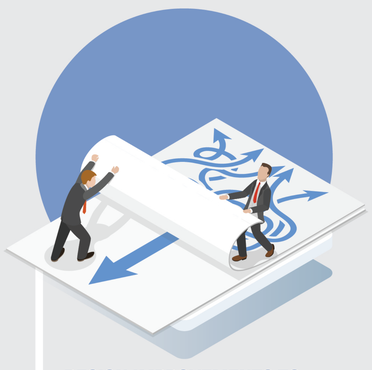
Recognize that conflicts are essential for great relationships because they are how people determine whether their principles are aligned and resolve their differences.

FOR HEAVEN'S SAKE, DON'T OVERLOOK GOVERNANCE!

To be successful, all organizations must have checks and balances.

HIRE RIGHT, BECAUSE THE PENALTIES FOR HIRING WRONG ARE HUGE

Remember that people are built very differently and that different ways of seeing and thinking make people suitable for different jobs.

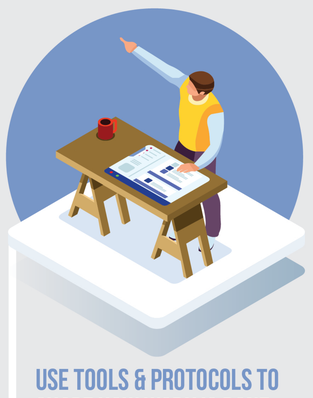


DESIGN IMPROVEMENTS TO YOUR MACHINE TO GET AROUND YOUR PROBLEMS

Recognize that design is an iterative process. Between a bad "now" and a good "then" is a "working through it" period.

LEARN TO MAKE DECISIONS EFFECTIVELY

Recognize that 1) the biggest threat to good decision making is harmful emotions, and 2) decision making is a two-step process (first learning and then deciding).



USE TOOLS & PROTOCOLS TO SHAPE HOW WORK IS DONE

Having systemized principles embedded in tools is especially valuable for an idea meritocracy.

THRIVE TIME RADIO SHOW