

Pain plus reflection – Dalio's system for decisions

Upcoming episode

The founder of the world's largest hedge fund on how he makes up his mind. A walk through the ideas in Ray Dalio's Principles – written rules, radical transparency, believability weighting – and how well they survive being taken out of Bridgewater.

THE BOOK THIS EPISODE IS ABOUT

Principles: Life and Work – Ray Dalio

2017

MAIN TOPICS

- Principles as written-down rules for recurring decisions
- Pain plus reflection equals progress
- Radical transparency and radical truthfulness
- Idea meritocracy – the best idea wins, not the loudest voice
- Believability-weighted decision-making
- The five-step process from goal to execution
- What the system looked like in practice at Bridgewater, and the criticism of it

QUESTIONS THIS EPISODE ANSWERS

- What does Ray Dalio mean by principles?
- What does pain plus reflection equals progress mean?
- What is radical transparency?
- What is an idea meritocracy?
- How do you make better decisions as a group?
- What is the five-step process in Principles?
- Do Dalio's methods work outside Bridgewater?

KEY POINTS

- Write down how you decide, so you do not have to invent it every time.
- Mistakes are data. The value lies in what you do after it hurt.
- Not all opinions are worth the same – weight them by track record.
- Disagreement is not the problem. Disagreement that goes unspoken is.
- The culture the book describes is extreme, and many people do not thrive in it.

SOURCES AND REFERENCES

- Ray Dalio – Principles: Life and Work (2017)

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