

[Transcript] The Tim Ferriss Show / #680: Richard Koch — Revisiting the 80/20 Principle, The Power of Optimistic Journaling, Studying History to Improve Investing, and The Grand Beliefs of Winners (Plus: The Toxic Beliefs of Losers)

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Podcover. That's eightsleep.com. Eight Sleep currently ships within the US, Canada, and the UK, select countries in the EU, and Australia. Again, that's eightsleep.com to save \$250 on the Eight Sleep Podcover. At this altitude, I can run flat out for a half mile before my hands start shaking.

Can I ask you a personal question?

No, I would have seen it in a perfect time.

I'm a cybernetic organism living this year over a metal endoskeleton.

Hello, boys and girls, ladies and germs. This is Tim Ferriss. Welcome to another episode of The Tim Ferriss Show, where it is my job to interview and deconstruct world-class performers to tease out the stories, the routines, the habits, the beliefs that you can emulate to improve your own lives. My guest today is a fan favorite he's been on once before. He always delivers a lot of actionable advice and learnings. His name is Richard Koch, K-O-C-H. Richard is an entrepreneur, investor, former strategy consultant, and the author of several books on business and ideas, including four on how to apply the 80-20 principle in all walks of life. His investments have grown at an average of 22% compounded annually over 37 years and have included Filofax, Plymouth Gin, Belgo, Betfair, FanDuel, and AutoOne. For those who don't have any reference for that, that is absurdly, absurdly good. He has worked for Boston Consulting Group and was a partner at Bain & Co.

before joining Jim Lawrence and Ian Evans to start LEK, which expanded from three to 350 professionals

during the six years Richard was there. In 1997, Richard's book, The 80-20 Principle, reinterpreted the Pareto Rule, which states that most results come from a small minority of causes and extended it beyond its well-known applications in business, into personal life, happiness, and success. The book, rewritten in 2022, has sold more than a million copies, been translated into roughly 40 languages, and has become a business classic. It was named by GQ as one of the top 25 business books of all time, and it is a book that has had a huge impact on my life and one that I have recommended for at least a decade at this point. Richard's latest book is Unreasonable Success and How to Achieve It. He has two upcoming books, 80-20 Beliefs, which identifies the very few beliefs in our lives that strongly influence what we do and, therefore, the results we get when we talk about some of these 80-20 beliefs in this conversation, as well as 80-20 Daily, a collection of 365 short daily readings using the 80-20 philosophy to achieve the good life. You can find him online at richardkosh.net, again, that's richardkosh.net, and on Twitter at richardkosh8020. And now, without further ado, please enjoy a wide-ranging, I think, very fun, certainly very actionable conversation with Richard Kosh. Richard, it is so nice to see you in person and be sitting across from you.

It's so wonderful to see you sitting across from me, as well, in my kitchen table, as well, which is fantastic. Thank you very much for coming. Absolutely. At your kitchen table, in this beautiful house, which is full of natural light, looking out at all sorts of greenery, the birds in the background couldn't be more pleasant. And before we started recording, I took a bath and break, as I often do, part of my pregame ritual, and I walked past a fireplace, and there was a small square piece of wood with three words on it, gambits, payout. So, gambits, payout. And I thought, I should ask about that first, because I'm sure there's a story behind it. What is the story behind this? Well, I'm an investor in a company called What Three Words.

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I don't know if you've heard of What Three Words, but the basic idea is that there are trillions of squares on Earth, and each square is about the size of just outside my front door. And it's a method of trying to identify where people are in order to have deliveries happen where the address system is not particularly good. So, I'm an investor in this company. It's a wonderful, wonderful British company. Could you explain just maybe by way of example what that means? So, they're satellite-identified squares? Yes, and you don't even need to be online, but it's basically mapped, and therefore anyone that's got the key to it can deliver to where someone is. It was originally designed by a guy who was in the music business, and he and his band would arrange to meet at Glastonbury or somewhere, but of course, Glastonbury is vast, you know, there's a huge field there, and they would always miss each other. So, he reckoned that, you know, if you could find a way of describing something, which was not a whole series of alpha-numeric things, you know, be a huge, long, meaningless thing, but was three English words, it could be in any foreign language as well, then you would be able to find exactly where the person was, and exactly where they get the stuff delivered. So, they might want it in the garage, for example, they might want it in a different joining part of the house, and so they basically spend a huge amount of money mapping the whole world into trillions of these little squares, and the system now works, and car manufacturers can use it in order to provide directions and mapping, and it's a wonderful system, and it's very, very economical. There is a unique three words for everyone. If you're involved in a car crash, or accident of any kind, you can identify where you are to the emergency services, or to anyone else, in order to be found as quickly as possible, without any mistake, without the ambulance, or the police going here and there, and you know, basically trying to find where you are. So, I didn't anticipate going down this side avenue, but it's interesting, so I'll pursue it, and then we'll come back to these particular three words, which hopefully are not like doxing you and exposing you in some strange public way, but if for instance, I have something delivered to my front porch, and it's banana eggplant, Susan, whatever it might be, if I then travel and have a car accident, how does that series of three words get mapped or associated with the new location which I couldn't have predicted? The system would be able to find where you were, within a completely different location. You wouldn't have those three words, there'd be a completely different three words. I see, I see, right, associated with where you are. The police would have that, all the emergency services would have that, and so forth. So, all you would have to do would be identify where you are on the telephone, you just basically drop a pin, and then they can find you. Wow, and does that involve some type of hardware pairing, where you have some type of card or any piece of hardware that identifies where you are to match it with the database of the system? It requires you to actually have the car, the part of the system. I see, I see. So, Mercedes is on the system, various other car manufacturers are, and they're going through the process of basically signing up all the big car manufacturers and some of the small ones as well around the world. Well, you know, I have to just say that you have such an eclectic range of investments in seemingly, well, perhaps not seemingly, completely disparate sectors and technologies serving completely different, I suppose, well-nitced down customer bases, not to say that they're small, some of them are very huge. Where do these three words come in? This is what, by complete coincidence, I've got right outside my front door, and it's gambits and payout. Now, I'm a strategy guy. I do strategy in order to make money by adventure

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capital investments and gambits. Yeah, that's the strategy. And then payout is huge bonanza. And, you know, I don't want to be bigheaded, but I've done very well in my investments. And, you know, payout is the operative word. And that's why we're sitting in this nice house and all the rest of it. So aren't I lucky? I know everyone's going to hate me. They're going to think, oh, guys, so smug, we don't like him. But I think the numbers speak pretty well to the track record. So I think it's fair enough to say it would be more concerning, I think, if you had the line related to the 22% compounded annually over 37 years, and then we were sitting in some back alley and you were eating out of a garbage can, that would be more incongruous and cause more problems. Well, lots of people come to see me and they think that I've been in a much more palatial place. And of course, what happens is that you buy somewhere and you live in it. I've been living in this particular house in Portugal for some of the year for I'm not very good at mental arithmetic. It's actually 15 years. Yeah, nobody can fact check you. So it's okay. And so, you know, it's a nice place, but it's you don't get the impression that it's, you know, it's not Versailles. Yes. I think it's very comforting. It has a comforting feeling to it. What is it called? Higa? Something like that in... It's a bit zen. I've got a fish pond that I do all my thinking on. And the fish go round and round and wait for me to feed them. So let me ask you, this is going to be a whole collection of diversions, but that's sort of how my mind works. So in the last conversation that we had, you mentioned the fish pond and you also mentioned related to the fish pond and I quote... Oh, dear. Yeah. Occasionally, I go and sit on my fish pond with a notebook and say, it's time to think about some reflections. I make a point of only doing that when I'm in a good mood. I never do it when I'm actually feeling slightly down. It's something you do when you're being expansive rather than when you're doubting yourself. Could you say a bit more about that if that is still the case? Yes. What would you like me to say? Why is that important? Because I think that many people, including myself, if I'm feeling stuck or overwhelmed or whatever, that is often when I journal most, but you do the opposite. It would say... That's true. That's true. I mean, I know that you have made a very good Ted speech about fear and the importance of people revealing their fears. And I thought to myself, well, maybe I should do it. Nah. You seem to be doing just fine. Yeah, because, you know, I think I'm actually quite good at being upbeat, but I'm not very good at being downbeat. I've never had... I mean, I obviously respect the fact that a lot of people have mental problems with one sort or another. I've never felt down for more than about three hours. Wow. Yeah. And it's something to be very grateful for. Yeah. I would give you every dollar and every one of my bank accounts to trade for that. What I'm very good at doing is actually imagining upside. And a lot of people say the whole point of being a venture capitalist is that you think about the downside, what can go wrong and all the rest of it. I disagree with that because in the venture capital business, you make a huge amount of money on very few investments and you probably lose money on nearly all the rest. That hasn't actually been completely true about me. I've only lost money on probably about three or four investments. Total loss. You got me beat on that front too. Yeah. But mental health check. Richard won Tim's zero. I'm very lucky. I do genuinely believe that I'm quite good at what I'm doing, but I have been

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unbelievably lucky. Every single major investment has had an inflection point somewhere, which was pure luck. So before we get to the luck, because of course, by virtue of having some systematic way of approaching and vetting or finding and vetting investments, you've systematized increasing the surface area to which luck can stick and borrowing that expression from someone else whose name I'm sadly forgetting. Before we get to that, let's talk about the journaling. So not when you're feeling down, but when you're feeling expansive, what does that look like? Let's do it in regard to investments and then we're doing in regard to more important things in life. But as far as investments are concerned, what I say to myself is what are the opportunities which we're not fully exploiting? And I'm a great believer, Tim, that there are always huge opportunities out there. They're out there, but most people don't grasp that. Most people don't believe it. And most people don't do anything about it, even if they believe it. And I'm one of the people who actually is a mega, mega optimist in regard to things that are important to me. And the investments are quite important to me. So I try and imagine, how do we make 100 times return on this investment? Not how do we try and make 10 times return? And of course, it doesn't always work. And my success stories cluster in the sort of, you know, 10 to 25 times total investment. Because one of the things that I do is if I've invested in a company, and it's going really well, I buy more shares in it. So I increase my stake in the company. So the average return is not going to be 100 times. But on the first tranche of the Betfair investment, it was 100 times. So what I'm trying to say is how could this be unbelievably successful? What would have to happen to make it unbelievably successful? And sometimes it's relatively easy. Sometimes it's actually not that difficult to do. Can you give an example of the case where it was maybe easier or simpler than people would expect? Well, Betfair is a very, very good example, because this was a company which in the early days ran out of money. Could you just for people who didn't hear our first episode? And I do recommend everyone listen to the first episode because there's a lot of history and a lot of context. But these are independent episodes and they can be treated as such. But for people who are not familiar with Betfair, would you mind just saying a sense or two about what Betfair is? Betfair is the world's largest, by a huge margin, the world's largest betting exchange. And what a betting exchange means is that you and I exchange bets. Now, obviously, we don't do it in person. We do it through a website. And it's all anonymous. But nevertheless, it's not a system that's used for still the great majority of betting in the world takes place with bookmakers. Bookmakers are these horrible things. No, these are terrible people because they've got big satchels. You go to the horse races or the greyhound races and you see these people arrive with satchels and of course you don't really know how much is in there. But when they're going home, they're bulging because actually what they do is they take a profit on each race and they construct the book such that unless there's a very, very unusual movement in the betting at the very last minute, they're totally covered. They always make a profit on each race. The overround depends on the number of runners in the race, but the overround goes from 10% usually to about 25%. And in a race with a large number of horses such as the Grand National, it can be as much as 150%, which means that for every dollar that someone wagers, 50 cents profit is made by the bookmaker. Now on races which are not as important as the Grand National or have very few horses in them, it might be as little as 10%, but it's a huge amount of money. And so there was a guy called Bert Black, Andrew Black, to be more formal. And he came up

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with this idea, why don't we make an electronic system like the stock market where bets can go through this thing. And instead of people having to pay 10% or 20% to the bookmakers each time, they pay 2%, 2% commission, and they only pay if they win. So on average, it can be 1%. And so it's hugely better. It sounds like a commercial advertisement, doesn't it? But you know, I'm no longer on the board of Betfair and I'm not terribly sympathetic to them because they won't let me lose enough money. And that's another story. But they restrict the amount of money that I lose. Sometimes I win, sometimes I lose on a year. If I'm actually losing money, they actually restrict the amount of money I can put in as the new stake. And I try to tell them that, you know, I've got a lot of money and I don't think they believe me. So I've never gone to the stage of actually sending in my audited financial statements or anything like that. But anyway, so I'm out of favor with Betfair and they're out of favor with me. But it's a wonderful system because if you gamble a lot, it means that your money can go much further. You can make larger stakes and you can actually win money. With the bookmakers, it's impossible to win money over more than a very short period of time because they close the account.

Yeah, huge house advantage and then they cut their losses. So it's a comeback.

Okay, so Betfair, disintermediation, sort of classic technology play in a sense. And you were saying you're communing with the fish at the fish pond notebook in hand. Maybe it was not exactly the

fish pond, but the exercise will work. And you ask, how could this be a hundred extra turn? Or how could this be an extraordinary success? And it was an example of where there was perhaps a simple tweak or addition or something like that. What did that look like?

Firstly, the concept I just thought was unbelievable because anyone who's a serious gambler should be betting through a betting exchange. They should not be betting through bookmakers. That's a really dumb thing to do. But it was easier than that because the company started, and I have to say this, and I hope they're not listening, but the people who started the company just you and me, they couldn't really know what they were doing. And no reason that they should have known what they were doing. I mean, they were brilliant in their own way. Andrew Black absolute genius. But he'd never worked in a company as a manager. He'd never worked in financial services. He'd never worked in gambling. He'd been a professional gambler. So he understood

gambling, but he didn't understand business. And they were pretty thin in terms of the other people who understood business. So they went around the city of London. This was back in 2000, the year 2000. And they tried to raise money from professional venture capitalists and anybody else that would be a professional. So investment banks and people like that. And they all came back sort of, you know, totally incredulous. You haven't got anybody who's been the chief executive of anything in your company. You haven't got any people who've actually worked in business before at a senior level. How do you expect us to give you money for this idea, however brilliant the idea was? And all of the professional people, the people who ran the racing post, the newspaper and all the rest of it, took a look at it and thought, you know, this idea is not going to fly. It was perfectly obvious to me as someone who was a gambler, that it was really attractive that, you know, my money could go much further. I can have bigger bets. And I wouldn't have to fatten the sexuals of these horrible bookmakers. So it was a blinding glimpse of the obvious that it ought

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to grow enormously. But not only that, Tim, it was growing. So after nine months, they ran out of money. They'd raised money in the first round from friends and family. And people have mortgaged their houses and, you know, they tried to put as much money as possible in, but they weren't rich people. And they didn't have a lot of money. Sounds like gambling. Yeah. Well, gamblers as well, some of them. And so they ran out of money. And then they went back to all the people that it seemed

before, professional venture capitalists and said, we've run out of money. Can we have some more? And they said, well, we weren't going to give you money in the first place. We're certainly not going to give it to you now that you're on the verge of bankruptcy. It's important to look at the causes of that. Of course, it's outflows. If it's because you're growing faster than you can manage, that's a quality problem. It was growing at 30%. A month. And then it went up to 40%. I looked, I asked them, what, just tell me one simple fact. Every month since you started, even the last nine months, what were your billings? And what was the growth rate? The numbers were tiny, really tiny. But the growth rate was fantastic. And at one point, they were growing at 60% and 100%. I think this was just about the time when I put my money into it, which meant that their monthly revenues were doubling. And anyone who understands anything about arithmetic and exponential growth knows that

that doesn't have to carry on for very long before you have a very big business. And if I had a very big business, because they didn't have to have betting shops and other premises, and they didn't have to have a whole lot of overhead, they had a fairly simple internet system. And that was great. And they spent money, you know, they had to upgrade it over time as they got more customers. But the margins in the business for them were very high. They were only taking 2% of the total amount of money state, but the total amount money state pretty soon became very, very large. And their costs were a fraction of that 2%. So it didn't take a genius sitting on the fish pond to say, hey, if they continue to grow at this rate for the next five years, or even if it went down to 10% of months, then I'm going to make a fortune out of this. And I put as much money as I got into that company. It was a million and a half pounds at the time. It's all the spare cash that I had. And then when the opportunity came to buy shares from some of the early investors, I pwned it up again. Where did you get the money to pony up?

From successful investments that I've made before. I see. So there was some intervening period of time. Yeah, not before. First of all, I invested in file effects. And that made a seven times return. This was in the 1990s. Then I invested in Belgo, the Mule Freight restaurant, Mussels and Chips French fries. And that made me six times return. And then I invested in Plymouth Gin, where I was incredibly lucky, which is another story, but we happened to get the top spot on the ratings of the experts on Gin. The BBC television got together 30 experts, so-called, in tasting Gin, and the Gin which they selected.

Did they all have the last name, Cash? We didn't even pay them any money.

We didn't know this was going on. We got a call from the Food and Drink program at the BBC and said you might want to tune in at seven o'clock in the evening. We had no idea. That was a very lucky investment. And we sold it to Vin and Spritt, which was the Swedish state liquor monopoly, which owned Absolute Vodka. And they paid us more than they should have done for the company. We made a 16 times return on that. So let's hit pause for a second.

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So a couple of things I want to mention. First is we're going to segue into sort of a broader lane outside of venture capital. I do want to say you're mentioning the, not bookies, what was the term that you used? Nasty horrible bookmakers.

Bookmakers, yes, who take the percentage. I will say that has an uncanny resemblance to some venture capitalists, not all who rely on their management fees and not their performance bonuses. As a friend said to me, he went to business school and there was a very famous, I won't mention him by name, venture capitalist who was teaching a class. And he said, venture capital is a lot like sex. He said, when it's good, it's great. And when it's bad, it's still pretty good. But you certainly have the multiples to speak to the bona fides.

Let's take a step back. And this actually relates to our conversation over dinner last night, where we were having some very, very nice white wine with mackerel, one of my favorites.

If you're not eating mackerel folks, I tell you, you're losing out. In any case,

I asked everyone around the table what they studied in school. So we can expand on this, but you mentioned history. And I asked a number of follow up questions. So how is it that you go from studying history to being the successful founder of strategy consultee firm and private equity slash venture capital firm? Do those things tie together?

Yes, they're absolutely tied together, because history is great at teaching, just think.

So history is all about counterfactuals. What could have happened as well as what did happen?

What were the causes of the First World War? Why did Lenin manage to establish the communist state which lasted for 70 years? Why did Hitler, who was complete loony and a very nasty piece of work, how did he manage to become the chancellor of Germany in 1933? And then the rest is unfortunately

all history. But those questions are difficult questions. And I think the teaching of history,

I'm very passionate about teaching history in schools in particular, I think it's the

best possible way that people can think about scenarios and venture capital investing is

absolutely thinking about scenarios. And they can imagine how something will go very badly wrong the whole of money is lost and they can imagine how you can make a huge amount of money.

Could you speak just for a definition of terms against, we covered bad fare,

counterfactual. What does this mean? It means it didn't have to happen like it happened.

So a counterfactual to the outbreak of the First World War in 1914 would be there was no war.

The Kaiser went to see his relatives in Buckingham Palace and they had a drink and they decided that

they would defuse the situation. And sure, the Archduke, Franz Ferdinand had been assassinated.

But you didn't necessarily have to mobilize all the troops in Europe because one guy had been

bumped off by an anarchist. And the whole story of that assassination is pretty insane as well.

Just a number of things that had to happen for that to even turn out.

Yes, exactly. So all these things were complete freak occurrences. I think

Lenin coming to power was a complete freak. That would not have happened if the Germans and the Swiss had not given him safe passage to Finland Station in Leningrad, what became Leningrad,

St. Petersburg at the time. And if Lenin had not got there, the democratically elected social revolutionary party would have been in power. And it was a middle of the road,

I suppose you'd call it left wing capitalist political party. It was a bit like the British

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Labour Party or the Democrats in the US today. If we take the examination of history, we put under a microscope, we see these many examples where things didn't have to turn out the way they turned out. And there are multiple failure points or potential failure points. If something very tiny hadn't happened, then this very large thing would not have been a consequence of it.

How do you, and if I'm interrupting and you had more to add beforehand, please feel free to do that. But how do you then connect that to, say, making a successful investment? If you could just connect those dots? Okay, it's really saying the future is terribly, terribly uncertain.

I mean, one of the great historians that was at Oxford when I was a student, there was Alan Taylor, a JP Taylor, a socialist left wing sort of guy. But he was a very, very good historian. He said the future is a land of which there are no maps. So when you look back in history, everything seems inevitable. But when you look forward in history, it's wide open. And so in thinking about an investment, you always got to say, what is the most likely thing that can happen? And what are the outlying things that could happen? So the most likely thing for Betfair, for example, was that the growth rate of 60% a month would go down to 10% a month or 5% a month. But all you then need to

do is to run the numbers on the implications of that would be for the future. And a more cheerful scenario, even more cheerful scenario would be that the growth rate was sustained for a little bit longer at a tiny percent more. And then you'd make a huge amount of money. Another scenario would be the government closed it down, because there was no legislation which covered an online betting exchange. Yeah, that happens a lot more in tech than people would like to admit. Yeah, you know, they could have been closed down. And, you know, there's a labor government there. And thank God, the labor government was not a loony left labor government. And, you know, you can just see the story, all these poor working class people who haven't got very much money being taken to the cleaners by this nasty betting exchange. Now, are you speaking about the... Not the nasty bookmates. Politicians would forget about the bit that they don't want you to know. But nevertheless, you know, it was trading on gambling and gambling is an addiction. It's like alcohol, et cetera, et cetera. So a lot of people from the left and the right are opposed to gambling. So it could have gone wrong. But then you do an

expected value calculation and you say, well, if it doesn't go wrong, I can make 100 times my money. If it does go wrong, I lose all my money. Let's assume that the probability that going wrong is more than 10%. Then you still on an expected value basis, as long as it wasn't your only investment. But if you've got a portfolio of investment, then you just go ahead and make the investment. So my next question was going to be how you assign probabilities. I would love to know how you think about that, because this applies not just to investing. I want to make this clear to folks. We're talking about investing because it is a discreet, explicit way of looking at points on the scoreboard. It's a little easier to assess success and failure. Right? Imagine if baseball didn't have any statistics, right? It's like, how would you say who was a good player? You track the numbers and you can do that in investing as well. Whereas in life, if we're talking about somebody who is quote unquote successful, but we don't have metrics, it's a lot harder. But this type of thinking applies to so much more. How do you assign probabilities? How do you think about assigning probabilities so that you can do the expected value? And if you could run through

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an example just for people who aren't familiar with that type of simple calculation, that'd be super helpful. But how do you assign the probabilities? Because that seems like one of the toughest challenges maybe. I look at the fish and I sort of, you know, clock a number from the air. Now, there are people, and some of them I've employed in the past, you know, who would go through a whole

series of spreadsheets in order to try and work out. But I just say, what's my best guess? And then I will double the best guess or a half the best guess. And then I've got a low case and a high case. It's very, very simple. Do you think that being an optimist or seeing the upside more than you see the downside is a liability in that case? Well, it's a liability unless the optimism is justified. And at that stage, I'm trying to be realistic. And I might ask other people who are more sane than I am, that is less optimistic to actually make the same calculations. And then I just look at what the results of those are. But it's not rocket science. Especially when you have even a few months of data. I mean, you have something to look at. It's not just an idea on a napkin. Just a quick thanks to one of our sponsors, and we'll be right back to the show.

This episode is brought to you by Wealthfront. There is a lot happening in the US and global economies right now. A lot. That's an understatement. Are we in a recession? Is it a bear market? What's going to happen with inflation? So many questions, so few answers. I can't tell the future. Nobody can. But I can tell you about a great place to earn more on your savings.

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Bruce founded the Boston Consulting Group, which I worked for for a time. They fired me, so I still think it's a wonderful, wonderful company and I think they're probably right to fire me. And that story we covered in episode one for people who want to dig into that.

I wouldn't tell the story if it hadn't been a happy ending. The happy ending actually hinged very much on Bill Bain, because when I knew that BCG were going to fire me, Tim, I arranged an interview with Bill Bain and I was very lucky to do that because he was the head of the company. But they were looking for people at that stage because they were growing at 40% a year. And there's a theme in this, which is very, very high growth. Bill Bain was a complete

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genius because he was a historian. He did not have an MBA. He did not have an engineering degree. He did not have a quantitative degree of any kind. He was a historian. And he then met Bruce Henderson when he was trying to raise funds. He gave up history research. He thought that was very boring. And then he got a job with his old university in Tennessee and his job was to raise money. So since Bruce Henderson was an alumnus of the university, Bill goes to see Bruce and Bruce

refuses to give him any money to the university, but says, why don't you come to Boston because I'd like you to meet some of my colleagues and we might give you a job. The colleagues were totally aghast at the idea that Bill Bain should become not just a member, but quite an important member of a Boston Consulting Group. They said this guy is really intelligent, but he's totally unqualified. He has no credentials whatsoever. And sure, he's very intelligent, but lots of priests are very intelligent. We're not going to hire a whole bunch of priests, are we? So I'm sorry if I'm digressing a bit. PCG, Priestly Consulting Group. Well, I think that would go down quite well, actually. Holy shit. So anyway, so Bruce then hands at the end of the day, he hands these assessments that all his senior people had made of Bill Bain, all of them giving a thumbs down to actually hiring him. And he says to Bill, Bill, what do you think about what my colleagues have said? And then Bill Bain reportedly said to Bruce, Bruce Henderson, with the greatest of respect to your colleagues, they are wrong. Because I understand how to make a consulting firm very, very successful. And I know how to sell to people who've got a lot of money and chief executives of companies. Because I've raised a huge amount of money for the university, even though you decided in your mean way, and it didn't exactly spell it out quite like this, not to do that. So I'm going to be very successful. Thank God that he rejected Bill Bain's plea for funds for the university. Otherwise, what a trajectory that could have been. But he went to say Bill Bain then worked in the Boston Consulting Group. He was one of the co-inventors of the Gross Share Matrix, the Cows, the Stars, the Question Marks. I have no idea what

that is. This is the greatest, how can you not know this? This is the greatest bit of strategy. It's one, take a piece of paper and draw a line down. The axes are the growth rate of the market, where it's high or low, below 10% or above that. And the other axis is the relative market share. So a business that is in the top left hand quadrant, because BCG drew their graphs backwards, was high growth, but it was high relative market share. In other words, in very simple English, it was the leader in its particular niche. And my investments have all been, my successful investments have all been in star businesses. Did you mention a cow? Am I making that up? Did you just mention that you said star? Well, there's some other word that you threw out. Cash cows. Cows. Like, how do cows fit into this? Okay, I just want to make sure I have- Oh, you have to be in the right moods to get that one. I just wasn't sure where you'd slipped into my sparkling water. Okay, got it. Cash cows. Honestly, I haven't had any to drink. We drank a lot last night. I haven't drunk anything today. No. So a cash cow is the leader. Now you're speaking my language. They think- A cash cow is something that throws off cash because it's low growth and it's very profitable because it's the market leader. A star business is a business that is in a high growth market and therefore is going to grow much faster. And because it's the leader in its segment,

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it's going to be very profitable if it isn't very profitable already because it's going to have either higher prices than people who have a lower market share because it has less brand reputation or less popularity, or it's going to have lower costs because it's got greater scale, or it's going to be both. It's like sailing across the Atlantic and discovering that there's, you know, land at the other end, even if it's not the Indies. Once it's done, everyone says, we'll go to America. But before it's done, it wasn't obvious.

It enabled BCG and then later Bain and Company to make tens of millions of dollars very early in the game when they weren't very large.

Quick question about that. Is that in their selection of clients and therefore banking on future billing? Or it was using that as a way of thinking about helping their clients?

Exactly, the latter. So in other words, they'd go to big diversified companies. Don't forget in the 1970s. Right, they would go to a GE and be like, you need to get rid of these 20 divisions or whatever. And one of the things that you had to get rid of were most of the question marks, which were very high growth, very sexy because they're in very high growth markets like artificial intelligence today, but never having a cat in the hills chance of actually becoming a market leader. So what BCG said and what Bain and Company said to those companies is, sell them. Get out while the guy is good because it's a sexy business, sexy market. But never going to be the leader.

Never going to make any money. Do you get interrupted with a very mundane question?

A cat's chance in hell. Is that a real expression? Poor cat. I have heard snowballs chance in hell, but let's get thrown in there too. No, I misspoke. I meant to say dogs. Oh wait,

I've never heard that either. Poor dogs too. Dogs chance in hell. Oh no, that's okay. I don't want to interrupt the flow. The imagery is so strong and your adorable dog is right next door.

Well, of course, dogs were on the matrix as well, but cats weren't, which was catastrophic.

You are the master of the puns. I've noticed this. I'm descending to doggerel. Don't worry about it.

Oh boy. So this matrix, and you said they did it backwards. Does that mean that something that's going well would grow up into the left? No, what it meant was the thing which had the greatest sales was on the left rather than the right. Normally, you would say if it's bigger, I mean, this is something I don't approve of at all, which is that we tend to think about time as always disappearing and that if something's bigger, it's actually going to be to the right of the graph. BCG put the bigger thing on the left. So the cash cow and the star were on the left. Whereas if you, logically, they should have been bigger than the other side. And I don't know.

Someone made a mistake and it just got grand-fathered in, you know. It was one of the greatest charts. Oh, I'm not criticizing the chart. But they made a mistake. Yeah. Well, you know, just think how big it could have been if they'd just put the bigger things on the right side.

All right. Let's segue for a second here. Broadly speaking, how do you apply some of these principles? And I know we've discussed this on some level before, and you mentioned Oxford. We are going to come back to Oxford purely out of self-interest. I have a question about that. But what are some of the ways that you have found most effective to apply some of this type of thinking to your own life? Or in terms of looking at, in the case of your investments, these critical few investments, because like you said, in venture capital and in many types of investing, if you look at people who have amassed vast sums of wealth, they generally have high concentration. And then they, in some cases, diversify to sort of protect against downside

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and stain wealth. But to build it, people usually have very concentrated positions. To do that, if there are some elements, a skill involved, you need to know how to separate the critical few from the trivial many in a sense. What are some of the most impactful ways that you've applied that type of thinking, 80-20 principle, etc., to your own life outside of business? Well, you've supplied the answer, which I was wanting to give you. But the answer is the 80-20 principle is the link between the investment performance and venture capital is an extreme form of this. It's not 80-20. It's 99-1 or something like that. And network businesses are the same thing. And wealth is the same thing. I mean, just think about Bezos or Musk. Just think how much money they've managed to make out of essentially one investment each, which has been fantastically successful. So the 80-20 principle runs through like in a stick of rock, the seaside's name is sort of, you know, always running through. It runs through the whole of my thinking. In terms of my own success or money, but also things like happiness, I'm trying to think what are the few things that I need to do in order to attain what I want? What is the 20% or what is the 1% or whatever? And I think in happiness, and I'm very, very keen on talking about happiness because I've been thinking about this a lot recently, personally, and for other people, happiness depends on very, very few things. For a start, there's an argument which says that we have a baseline happiness level and we gravitate back to it and is connected in some obscure way to genetics. I've never actually seen a good explanation of how it is related to genetics, but nevertheless, it is intuitive in a way and people give examples of when you get married, you're suddenly very happy or when you fall in love, you're very happy, when you get married, you're still very happy. A year later, you may be no more happy than you were a year before you met Mr. Right or Ms. Right. And so that's temporary and you revert to your habitual baseline happiness level. And this baseline happiness level also is evidenced when people win the lottery lottery, right? They have a lot of money, they spend a lot of money or have a catastrophic accident, in some cases, right? Yeah, driving their Porsche rather too fast. But yeah, the evidence actually on lottery is very mixed and it isn't as simple as people say. All the evidence, if you look at it, on a subjective level of people reporting, is that people who are wealthier are actually, on average, happier than people who are poor. And this is true if you look at it in countries, it's true if you look at it within a particular country. And it's also true if you look at it in terms of people's lives. I don't know very many people who've become very rich who are much more miserable than they used to be or indeed not happier than they that they were. And it's often said that the pursuit of material things is useless. But what about medicine? You know, what about dentistry? You know, before the 20th century, very few children actually lasted beyond five years. And as a result of medicine improving immensely, and also hygiene improving immensely, that's down to a negligible level. Imagine the trauma for a mother or a father, you know, in seeing three or four of their children die before the age of five, that's a huge amount of human suffering. And that's removed. People forget about that. Dentistry, you know, when I was growing up, a visit to the dentist was a cause for great trepidation. And I remember the dentist having this drill, this enormous drill, putting it in my small mouth when I was about nine years old. And it just made such a horrible noise that you just knew it was going to be painful, even if it wasn't particularly painful.

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Nowadays, you don't get that dentistry has improved immensely. And dentistry actually also affects lifespan. And you look also at the fact that unless people get cancer these days, they're likely to last much longer than they would have done a generation ago, much longer. You know, maybe, depending on the country, might be the average length of life might have been 50 years about not that long ago, you know, 30 or 40 years ago. And now it's 80. Now, what does that mean? Well, it not only means that people can live longer and healthier lives than they used to live, but it also means that there are fewer bereaved people. And that also is an enormous cause of pain and suffering. How do we jump from the macro, the sort of societal national level to the personal?

So for yourself, you said very few things really matter when it comes to happiness. And just for not to be the dead horse, but this is kind of my role. How would you define or think about happiness just so we are all on the same page as to what that means to you? Is it just a general sense of well being? Yes, I mean, with the way that sociologists and psychologists do that is they ask people to rate their happiness on a one to 10 scale. And they interpret the results. It's a subjective rating. And a lot of people say, Well, people don't really know whether they're happy or not. They pretend to be happy when they're not happy. I just don't believe that. I think that people generally do know how happy they are. And when they give you a rating, they are giving you an honest rating. But if you ask people, have you actually deviated significantly from what you say now, you say eight, okay, so it's pretty good, very good today. Was it true that you were always in a range of six to 10? I mean, that's something that, for example, Yuval Noah Harari, whom I know you've interviewed, says that there's a little bit of leeway there, but there's not a hell of a lot of leeway. But have you ever met someone who's had a really miserable childhood? And then when they

left home, have actually enjoyed life a lot? I've met many, many people for sure. That shouldn't be the case. If the baseline level is correct. But the argument goes much beyond that, which is to say, even if it was correct, you don't have to assume that it's immutable, you don't have to assume it cannot be changed. And if you want to be happier, there are various ways of doing it. Again, one of the best documented findings of sociology is that people who are married are happier than people who are not married. Now, of course, there's no worse than an unhappy marriage

or partnership. I make no distinction at all between a long term relationship and a marriage, because not everyone gets married these days. But it's a very good bet to be married rather than to be single throughout your life. So coming back to 80, 20, that's one thing that you can do, which is to make sure that you have a long term relationship with someone, preferably someone that you really like. It's going to make a huge amount of difference. And there are various other subsidiary things. For example, I think it's very important if you're from a purely selfish point of view, if you want to be happy, you want to be in a relationship with someone who's very happy themselves. It makes a huge amount of difference. Some people are just incredibly difficult to live with because they're miserable. All the research shows that there's a guy who's got a love lab called Don Gottman. I think he's in Chicago. There are very few indicators of whether people are going to get divorced or whether they're going to have a happy long term relationship. One of them is that they're friends that actually like each other. Well, that's the blinding glimpse

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of the obvious, isn't it? But how many married people do you know who actually really don't have the same interests or they don't share the same past times? In any regard, they might have different values, but they're married. Well, that's a pretty dumb thing to do. So the first thing to do is make sure that you have a successful long term relationship. And if you do that, you're going to be pretty happy. The second thing that you must do, according to all the research, is you've got to love your job. Now, many people don't love their jobs. And one of the reasons that they don't love their jobs is because they're doing it for money. Now, I think money is wonderful. I think money can help to make you happier. But if to earn a lot of money, you have to work for a boss who's an ogre or just not very nice or inconsiderate or makes you work very, very long hours and doesn't really care about your welfare, you're going to be much more miserable than working for a boss who's relatively relaxed, cheerful, happy person themselves. But how many people don't like their boss?

It's ridiculous. Absolutely, you should resign or you should poison the boss or bump them off. You know, absolutely. So, you know, that's a very, very, very simple killing of the boss, folks. Sorry. No liability. It's what I said. It's not what he said. And we don't like lawyers anyway. Send your lawyers letters to gambits. Pay up, please.

I'll be back to... Anyway, you get the picture. And then, you know, one of the things that I say in the 80-20 book, which you very kindly help say is it's worth reading from people, the 80-20 principle, is that why don't you spend more time on the things that you like? So a lot of people say, well, pleasures, you know, this is not very spiritual, you know, people like pleasures. Would you rather spend an evening with people that you enjoy spending an evening with? Or would you rather spend an evening with people that are miserable? I think the former, yeah. And it's amazing. I go around asking people, who are your best five friends in the world? And people come up with a list. And then I say, who are the five people that you spend most time with? And very often, the lists are completely different. And that tells you that that person, they might be happy. But they're certainly going against the grain. They're handicapping it. Yeah. And again, people, you know, some people like living where they live. Other people find it noisy and unpleasant. Other people find it too boring. Why don't you go and live somewhere that you actually really like, that suits you, that has the same sort of people that you enjoy seeing in the street? Why don't you do that? Most people just doesn't cross their mind. I think in America, it's one of the redeeming features of America is that people do move around a lot. But we're talking in Portugal and indigenous Portuguese, they don't move. There are a relatively few number of things that you do.

And

of course, you have to read one of my books to find out what they are. But they're absolutely obvious. Well, hold on, we'll get plenty of people to read the books, because I recommend the books. And I actually gave, I mean, I gave you some wording, you know, some writing to use when you launched the revised edition of the 80-20 principle, which I never do because I had a huge impact on my life. But not to over tease people when you are working with or talking to friends or others about happiness. What are some of the questions that you asked them? Like the five, who are your closest five friends? Who do you spend the most time with? And incongruity there.

It goes a bit beyond 80-20. I'm now writing a book called 80-20 Beliefs. And in order to do that, I've interviewed 50 people that I know very well and who I trust to tell me the truth. And they trust to tell me some of the intimate things about their life, particularly what went wrong.

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And I ask them two questions, very simple questions. One is, is there any belief that has really made a big difference in your life? Is that at any stage you have changed? So you used to believe X and now you believe Y. And 90% of the people, 9 out of 10, there's people in a very small sample, but it's an extraordinary coincidence if they're all saying this and it's not quite true generally, say that they have at some stage changed an important belief. And a belief, I'm not talking about something which is an academic belief, you know, where you might believe that one politician is better than another or you might believe in green values or you might not. I'm talking about belief that has made a big difference in your own life. And why is it made a big difference in your own life? Well, it's because you've acted in a certain way and that's generated certain results. So I ask people, what belief have you changed? And very often that in fact, almost invariably triggers a saying that I actually believed something which was not in my own interest and I call that a toxic belief.

For example, a friend of mine who's about 60 years old, she looks a lot younger, we'll call her Sally show is Sally had quite a nice life. She moved from England, which as you know is cold and rainy and horrible to South Africa, which as you know is sunny and very nice to Cape Town actually, which is the nicest place in South Africa unless you happen want to track wild animals. It's good for almost everything else, got wonderful beaches, got mountains, got very nice food. And it's quite cheap as well. So, you know, it's a good idea to go to Cape Town if you if you want, it's slightly dangerous now. So but that's another matter. Anyway, she had a very nice life until the last five years. And in the last five years, catastrophe struck her husband was diagnosed in the very early stages of having Alzheimer's disease.

And he decided that in order to give his wife Sally a chance, he would commit suicide. Obviously, you know, an awful thing and trauma, you know, for her as well. And then shortly after that happened, COVID happened and COVID, you know, there are many hard luck stories about COVID. But

the one which Sally tells is that she had two dogs and the dogs were very important to her, you know, and particularly important after her husband was gone. And she in the COVID regime in South Africa, she wasn't allowed to take the dogs out at any stage of the 24 hours of the day without risking imprisonment and having the dogs shot. In other words, you couldn't take them out to do their business or anything like that. You couldn't take them out for any exercise. And if the police stopped you, they would quite likely shoot the dogs and put you in prison. So she decided that this was not a very nice society to live in any longer. She loved living in South Africa, but then she decided to do something about it. The point is, for the first 55 years of her life, she'd followed the lead of her husband and other people. She'd gone with the flow. The way that she explained it to me was saying, I believe quasarasa, whatever will be will be the future's not ours to see quasarasa. So in old, she trusted to fate and fate was very good to her.

When her husband had gone and when the COVID regime in South Africa was so unpleasant, she decided that she could no longer go with the flow. And she took a very brave decision that she would up sticks, sell her house in Cape Town and come and live as it happens in Portugal. And that has been enormously successful. It is absolutely to come back to my earlier theme. It's transformed her happiness by pure chance. She's met a guy that she's getting married to now.

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They are very happy together. And you can see that her eyes line up. She's really, really happy. Three or four years ago, she was in the depths of depression and she was wondering whether she should follow her husband in terms of committing suicide. So it is possible if you take charge to actually do something. And that's why I hate this concept of the baseline happiness level, because Mark said philosophers have tried to describe the world. The point is to change it. And similarly, your happiness levels, you know, it's not useful telling you about the baseline happiness level and saying, well, they don't say it, but they almost imply that it's inevitable and you can't transcend that. So if you're an H, you're stuck between six and 10, depending on the weather and circumstances and whether good things have happened to you that day or whatever. But, you know, you can't go down to a three or if you're a three, you can't go up to a 10. But there are many cases that I know where people have actually transformed themselves. You know, I know someone who was incredibly miserable for a very long time. And why was he miserable? This person was miserable because he grew up in a very well off upper middle class family. He said he was born with a silver spoon in his mouth. And he expected that life would carry on in being easy. And of course, when he left home and had to earn a living, he discovered that actually things were very difficult. Now, things were not quite as difficult as he imagined they were. I mean, for example, he started a very, very successful business. And he ran that business for six years and made a lot of money from selling it. So when I was talking to this chat, who I'll call Alexander, Alexander, I said, you must have got a degree of self confidence and good feeling from your experience in starting and running and selling this business. And he said to me, you must be joking. Those six years were years of high anxiety. I was constantly firefighting. It seemed so difficult to me. It seemed so difficult. And I said, well, you know, it didn't seem difficult observing it. And he said, well, actually, it's because I expected things to be easy. And you remember M Scott Peck wrote a book which starts life is difficult. This is one of the great things about life. If you understand this, you can transcend it because you anticipate that things are going to be difficult and you can take pride in sort of, you know, overcoming difficulties. But if you expect there are going to be no difficulties, obviously, you're going to be disillusioned. And so paradoxically, this miserable sounding philosophy, which says life is difficult, is actually a wonderful philosophy. Because it means that you can take pride in getting over difficulties. But when you're confronted with difficulties, what you do is like Alexander and say, it's too difficult. It shouldn't be this difficult. Then obviously, you're going to be miserable, despite objectively, having a great success. Yeah, it makes me think of and I wish I had the attribution, but happiness equals reality minus expectations, in a sense. And this is also very reminiscent of Marcus Aurelius and meditations, of course. But how did Alexander, if he did, make the switch? Did he make the switch? He did make the switch, but it took him about 20 years. And he said from a time that he started business when he was in his early 30s, and from being age 40 onwards, then he got into a pretty dark place at one stage. And then he started going to 12 steps meetings, where people sit around and say, you know, I've had these difficulties, I've reconstructed my life, and I'm on the path to recovery. He also took some therapy. And he also reflected on why he was miserable. And he did realize it was miserable, because he expected life to be easy. And it wasn't. Very often,

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having the insight into what a toxic belief is, is the first step to actually being able to overcome it. Very often, we don't realize what toxic beliefs we have. And therefore, we suffer from them. I mean, in my own case, I had a pathological need to be successful. And when I was in my early twenties, as I recounted, I got employed by the Boston Consulting Group, which was wonderful, I loved the company. I still think it's a great company. I still think the people in it are very interesting, intellectually very interesting as well. And the whole thing, you know, it was great, except for the fact they didn't like me very much. So, you know, that was a bit of a bit of a problem. I suffered. I mean, I know that this sounds ridiculous, but I really suffered in my soul for two or three years being miserable, because I wasn't successful.

Successful, meaning financially successful.

Not only financially successful, I wanted to be successful.

By the colleagues.

Yes. And this was my first serious job. I hadn't been successful in my two previous jobs either, but there were good reasons for that, at least like rationalize. I worked for Shell, and it was a terrible company to work for, because it was very bureaucratic. And people were thinking

about how much they were going to make when they retired. And could they retire at 50, rather than at 65? So, you know, a ridiculous company. And then I worked for another company, which was much, much better, but I wasn't particularly successful at that either.

So, it was very important to me that I got good credentials. I got a good business school degree. I got a good degree from Oxford. I knew I was intelligent. And actually, I was able to make quite a lot of money even in BCG, because they had a system of billability, which said, you get paid according to how many hours you bill. And I made sure that I billed a lot of hours. And I had various strategies for doing it. But I couldn't do what the BCG people really admired, which was heavy-duty financial and market analysis. I'm actually, I think, dyslexic with numbers. I'm not very good at mental arithmetic. I'm very good at concepts.

You didn't have the fish pond, then. You needed a fish pond.

Anyway, so may I pause? I want a bookmark for a second. But I can't let this go, because this is just how I am. I'm like, Suhti with an Apple Core, some inside baseball.

Richard's Lab loves Apple Cores. The ways for billing hours successfully. What were some of your ways for billing hours successfully? Well, I made sure that I had some clients that liked me.

This is always helpful. And I did a lot of work, which was solitary. In other words, the case team was me and maybe a junior assistant. And I was actually quite good at selling business,

as long as they weren't looking to be wowed in terms of heavy-duty analysis.

And I'm quite intuitive, you know. So I could come up with what the company should do, and they quite liked that. But my colleagues didn't like that. And the more successful I was at selling business, the more they frowned on it. Because you're not using a proper case team, you're not doing it the BCG way. Where's the heavy-duty financial analysis? Where's the final presentation when it gives you a hurry up? It's called whiz bang and sort of, you know, rode to Damascus stuff and there's a vision. You prove that black is white and they're investing in all the wrong things, and they're stupid. Whereas I wouldn't go along to clients and say,

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you're stupid. I would say, you know, you're very clever because you're doing this and the other. This, that and the other was what I wanted them to do, not what they really were doing. So I used a little bit of elementary common sense and psychology. So yeah, I had some clients who really liked me, but you weren't fitting to the template. I didn't fit the template. But my point is, pathological belief that I had to be successful at BCG, that was stupid. Yeah, you had the constraint on it. You know, and then afterwards I thought, well, am I not suited to strategy consulting? I said, yes, I am. Because I understand the concepts very well. I can actually work out what people should do, not bad at emotional intelligence. And so why don't I give it a go at another firm? So I went along to talk to McKinsey, they rejected me. So that was fine. And then I managed to weasel away to go and see Bill Bain. Now this is where it gets very interesting for me at least, because I had this appointment with Bill Bain to get there. I got through the London office who were very desperately short of people. So they thought that I would do and they sent me off to see Bill Bain. And that was so lucky for me because Bill Bain was actually his story. I didn't know this at the time. And so he said, what was your undergraduate degree? And I said history. And then we had a 20 minute conversation about history of counterfactual

stuff. And he obviously enjoyed that. But I said to him, Mr. Bain, I really want to know why it is that your company is growing faster than the Boston's consulting group. And I really want to understand if there is a formula behind it, what the formula is. And this was music to Bill's is because what he'd done was work out a way of having a relationship, long term relationship with a client. BCG would work for anyone. Bain and Company, again, it's 80-20 consistent, would only work for the top dog, the chief executive in a large company. And they wouldn't work for the head of a country. They wouldn't work for the head of marketing or anything like that. And they would, again, like me on the fish pond, they would then say, how big could this be? And I was, we don't want to continually be churning clients.

Am I right in saying that they also faulted into that had the some type of requirement that they would offer sort of category exclusivity or not work with. I will not work with you, client, your competitors, but in exchange, I ask, and what would they ask?

They'd ask that you don't work with our competitors. In fact, they put it rather more bluntly than that. They said, we won't work for your competitors and you won't work for ours. And the effrontery of this, you know, it was breathtaking. And of course, they did it quite smoothly. You know, Bill was a great salesman. He didn't actually want to sell business as soon as possible. He managed to delegate that to other people. But it was incredible. He was saying, we have got something really valuable to offer. They believed in the formula, they believed in the grocery matrix, even though it involves shooting dogs, but it was like evangelical, you know, and people compared the banes to the moonies and they talked about banes and the rest. There was a lot of truth behind that, because they were fanatical. The most important thing in a performance appraisal was attitude. And when I heard that, I thought this is ridiculous. This is just brainwashing. But actually, I came to believe that it was true. But all of the people in Baining Company were on the same side. In BCG, there were factions. You know, there was a faction which was the English people thinking that they were smarter

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than the Americans, for example. And there's the intellectual faction and there was the banking faction. You know, basically, it was like a mosaic. And a lot of energy was being generated. But it was at cross purposes. So in Baining Company, there might be less intellectual firepower. But there was more energy because everyone was working in the same way. How did they assess attitude? Do you remember? Yeah, they sent you to charm school. And if you didn't, if you didn't pass through the charm, hold on, hold on. All right, so elaborate on what this means. I'm guessing you're not, you know, practicing walking with a book on your head and arranging silverware. What were you, what were you doing? They didn't send me to charm school.

I was too senior to hit the center. So I think they ticked that box, erroneously, but never mind. So what happened in that interview was that Bill Bain and I got on like a house on fire. He enjoyed the interview. He went and got one of the top five people in the company beneath him, a guy called Ralph Willard, who was a big fat man, but enormously cheerful and enormously optimistic and can do sort of person and also a very clever man and a very nice man. I say that because he liked me a lot. But Bill Bain said to him, you know, I've had this great chat with Richard and I think we want to hire him. You don't do that. It undercuts your bargaining power and all the rest of it. So he said to Ralph, you know, will you talk to Richard and work out how much we're going to pay him? And then of course that was an invitation to me to tell them how much I was earning a lot of money in the Boston Consulting Group. Ralph looked at me and said, you may be very good Richard, but you're very expensive. Anyway, and I became a partner in Bain and Company in record time.

I remember there were people in Boston Consulting Group who when I was fired as a consultant were managers and they wanted to become vice president, which was equivalent to a partner in Bain and Company. I became a partner from being a consultant within a year and that was faster than these people in BCG could get promoted to vice president from manager. So they couldn't understand this at all. And the truth is that Bill Bain decided there and then that I could be a partner of his. So of course I liked working at Bain. But you had to step outside of the maybe implicit constraint that you had applied to yourself, which was I need to be successful within BCG. Yeah. So it was good enough to be successful within Bain and Company. The reason that I was asking all these questions though, Tim, was that from a very beginning, from the very first week that I'd been in BCG, I knew that I wanted to start a strategy consulting firm.

Why did I want to start the strategy consulting firm? Because they made a lot of money. And one of the things that I had had as an ambition from nine years old was to be a millionaire. But I saw strategy consulting and being part owner of the strategy consulting firm, having seen or imagined anyway, how much money Bain and Company was making, most of which ended

up in Bill Bain's pocket. I wanted to be the owner of the strategy consulting firm. So I was asking Bill what the formula was out of visceral interest. And you know, he thought Richard would really want to understand the Bain way of doing things. That wasn't true. I did want to understand it, but I didn't want to understand it because I wanted a 15 year career in Bain and Company. What did he say in terms of formula?

Well, no, he explained the relationship, the whole thing. You know, he explained the speech

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that he would give to the chief executives, you know, we won't work for your competitors, you won't work for ours. And he had various things. But one of the other dictator that he had was to say to them, we are going to make a lot of money for you. Your profits are going to go up. But we don't want you to refuse, place any arbitrary limit on our budgets. So if we recommend at the end of the study, which has been very successful, that we do something else, you are going to say yes. Basically, it's a partnership. We're going to make you a lot of money. You're going to make us a lot of money. And Bill Bain was, this is another thing about being a historian, a business person or an MBA. He wasn't really fascinated by the nuts and bolts of consulting. He was really interested in making money. And he recognized that this was highly levered because the companies that he was working for were very big companies and they were quoted on the stock market. So you knew what the value was of getting a certain increase in profits and increasing the growth rate of revenues and profits. And so it was very easy to see, like me sitting on the fish pond and thinking about Betfair, that this was a formula for making an extraordinary amount of money. And he later capped that by going into the private equity business and helping those companies that they invested in make a lot more money. So they did the same sort of analysis. Bain Capital? Yeah, Bain Capital, exactly. And Bain Capital made more money, actually, including for most of the early Bain partners, because they put money into it, which then became enormously valuable. So anyway, so Bill Bain is exhibit A in terms of proving that historians can make money. And not only that, it goes deeper than that, which is, like Bruce Henderson, Bill Bain stopped consulting as soon as he possibly could. There was a lovely story about this, which I don't think I put in any of my books. But the lovely story was that he would be asked by a new client to go and work on a case. And in the early days, it was quite difficult to refuse if it was done in Bradstreet, or back to Travenore. Bill Bain going to say, no, I'm not going to work on this assignment. I want to have an easy life. I don't want to do consulting. So what he would do is go along with Ralph Willard to see the chief executive at the beginning of an assignment. The chief executive has asked that Bill Bain actually works on the assignment. Bill didn't say yes, but he arranged a meeting with the chief executive and Ralph Willard and himself. And they would get in and they would have some pleasantries. He would talk about sport, you know, last night's baseball match or whatever. And he would research whether the chief executive was interested in that particular sport. Anyway, they'd talk about that for five minutes. And then Bill Bain would then stand up. He'd stand up and say to the chief executive, I'm sorry, but I've got to go now. And the reason I've got to go is I want to leave you with Ralph. You're like Ralph. Ralph is really good. Ralph is better than me. And then you stand up and walk away and go back to Boston. So the startled chief executive would then do something. They'd turn to Ralph and say, are you better than Bill Bain? And Ralph would say something. This has all worked out in advance. Ralph would say, well, Bill certainly thinks so. And I happen to think that his judgment is very good. And the collapse in laughter and the chemistry would be assured from from that point on, which I must tell you this, because the thing that was quite extraordinary about Bill was he worked out how to run a consulting firm without doing any work or we're doing probably about two days work a month. And the way that he did that apart from extreme delegation was that he had a monthly worldwide partners meeting. And all of them partners had

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to attend. Now, I thought it was nonsense to go from London to Boston for a one day meeting. And so I didn't turn up for the first day of the first drinks in the evening. And one of my colleagues who was later to be a partner with me in in LAK, Ian Evans, was whispering on the phone, he was saying, you've got to get you've got to get to Boston. Bill was furious. And I said, no, I got a client emergency. I don't want to go to Boston anyway. You know, I don't want to fly out. It's ridiculous flying overnight. And I don't like flights. He said, you've got to get here. So when I turn up, Bill makes a beeline for me. And I say to myself, this is great, Bill thinks I'm important. And he said to me, Richard, did you did you not know that we were starting the partners meeting this evening with drinks and dinner? And I said, yes, I had a client emergency bill. And he said, I was beginning to stutter at this point. And he said, Richard, I wanted to be clear. When we have a partners meeting, you have got to be here, or you will no longer be a partner. And then he would smile and he smiled and said, welcome and have a drink. So that was that was how he was like. He had red lines, you know, basically, all partners had to be there at the partners meeting. Not only that, but what they had to do was to say on the clients that they were responsible for, how much revenue they made in the previous months, how much revenue they're going to make in each of the next three months. They did that in front of everyone. Yes, of course. Public humiliation or public applause. Yeah, exactly. And people would actually they break into applause and someone budget was going up. You know, that was the one thing that Bill was concerned about. You know, if it had been Bruce, for a start, Bruce would never have a partners meeting. He didn't see the point of that. To him, it was all a matter of concepts. And he wasn't really interested in the revenues. If they were good enough and continue opening offices and swan around the world and sort of, you know, basically terrorize the consultants in a different office, then Bruce was was happy. Bruce was not a very nice human being. Although he was a genius. You have the global campaign of terror from branch to branch. It was so bad that demotivating people that all the people underneath him eventually said to him, look, Bruce, this is not working. People would go to Cytillus who was the head of London office when I was there and say, do you know what he did to me? And actually, Cytillus mentioned this during the memorial service for Bruce Henderson after he died. And he said, Cytillus was very dry sense of humor. He said, it was not necessary to ask who they were talking about. You know, I mean, I used to joke about it. I said, if you hear that Bruce is on his way, jump out through the window. Escape. So let's come back to toxic beliefs. I imagine I've been thinking about this myself for my own history. And there are certainly examples, but some of them that I've then changed. I mean, there's a recency bias here. It would be, for instance, I could never re-engage with art the way I thought that I did or the way that I did when I was younger. And I have, it's only been in the last month, and there are reasons for that, but it has led to such an uptick in my general sense of well-being and happiness that it's head spinning. It's really unbelievable how much of a difference it's made. I mean, it was an integral part of my entire life for so long. And then I just let it go because I was time to grow up and be an adult and focus on career, et cetera. But for people who are listening and they're thinking to themselves,

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I'm sure I have disabling beliefs, but it's kind of like a visual blind spot. We all have a visual blind spot. Most people, I would say, I'm sure most people listening are probably not even aware that there is a visual blind spot. And then they certainly, given that that's the case, even if they do know, they don't spend a lot of time thinking about it. How do you find your own toxic belief? Or is there a common set of candidates? Are there certain common toxic beliefs? Yeah, there are. Such as what will be will be as a common toxic belief. Another toxic belief is that life should be easy. Another toxic belief would be that it was absolutely essential like me to make money or to be successful in this particular job, that would be a toxic belief. Another toxic belief which is very widespread is that if the organization tells me to do something or to move to a job that I don't really want, it will be a black mark against me to not actually take that promotion. And I remember two people were teachers and they both had the experience of being asked to do something which was an administrative matter. And they both did it and they both hated it. One of them was to be head of year. And what head of year means is you're responsible for discipline. And what that means is that if the kids are naughty, you go and talk to their parents. And you can imagine that's not a particularly pleasant job. It's always sort of, you know, following up on a problem. And teachers like teaching, believe it or not, you know, that's the whole point. And so they said, I love teaching in the classroom, but having, you know, a particular person, I'm thinking of having done this head of year thing for six months, I decided that it was very stressful and I didn't want to continue doing it. But I thought that I had to do it. And I talked to, this is to come back to your question, this is one of the ways of doing it. It's talked to a friend. She said, you know, I talked to my brother about this and he said, nonsense, you know, they, they won't fire you. And it won't be a black mark if you tell them that you don't want to do this because nobody wants to do it. And so she went to the headmaster and said, you know, exactly that. And he said, okay, yeah, yeah, we could see that you weren't happy in that carry on. And far from it being a black mark against the next year, she was promoted to head of English. So we build up this picture in our mind that the organizations are much more ogreish. And sometimes the boss is much more of an ogre than they really are sometimes they are an ogre, of course, but very often they're not. And the organization is more realistic than the individual. But there's often the sense that people who have an overdose of the, what I call the Protestant work ethic, think you can't disagree with the boss, you can't disagree with the organization. And that's another very common toxic belief. And in the book 8020 beliefs, I will list about a dozen, which I think encompass the great majority of toxic beliefs. But there's one way of dealing with this, which is to get a friend, go out, have a meal, have a few drinks, perhaps, and sit down and then hand them a list of toxic beliefs and say, I think I might be suffering from a toxic belief. Which one do you think it is? And of course, they'll zoom in on the one which is obvious. It's always easier to spot someone else's toxic belief than it is to spot your own. And then you swap and you return the favor. And you say, yeah, that's probably right. Let's have another round of schnaps. You know, Bill, I've been meaning to tell you, I'm going to help you out here. This approach of peer review is so incredibly valuable. And I have multiple cases throughout my life of going through this exercise in one capacity or another, not necessarily with toxic beliefs. But I read a book ages ago in high school,

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actually, called Mental Toughness Training for Sports. And it completely changed my life and experience at the time, which I don't say lightly. But it provided you with effectively various criteria, qualities, let's say, and then you're ranked from one to 10 or something like that. And the recommendation in the book was take this page, make copies, give it to five people who know you really well, could be coaches, teachers, they don't necessarily have to be peers in the sense of other students, in my case, and have them rank you from one to 10 in these various categories. And then for anything, say less than a five, here's your next action. And it was remarkable to me how the divergence between how self-aware I thought I was and how completely blind I was to certain weaknesses. And that informs every step I took after that, with wrestling specifically, and I went from being at best middle of the pack, probably, let's just say, lower 30% in terms of technicality and performance to being probably for a period of time the best wrestler on the team for that subsequent season. It was remarkable how quickly change could take place, even with longstanding beliefs or behaviors, like the change doesn't have to, at least in my personal experience, doesn't have to take a long time. No, it doesn't. I mean, I actually categorized the 50 people, 40 of them said they had a toxic belief. How long did it take for them to realize the toxic belief existed? And how long did it take to actually change the belief into a more positive belief? And it was remarkable, Tim, that in nearly all cases, once someone had actually recognized the belief, once they'd rumbled it, as it were, then it was very easy. If people didn't rumble it. You say rumble. Rumble. Rumble is a great English expression. It means they've discovered it. They've flushed it out. I'm gonna use that and confuse the shit out of all my American friends. So once they'd realized, if you know, I like rumble, rumble, once they'd rumbled the belief, then it's easy to get rid of it. But if they didn't, then they could carry on for 20 years. And then they might go through a lot of therapy, they might go, you know, and gradually discover it. But there's another method which I have discovered is very effective, which is if someone is suddenly, or at least in the next last six months or last year, much unhappy than they used to be. And particularly if they're suffering stress, then there's a toxic belief lurking there, which needs to be rumbled. You don't automatically jump to knowing what the toxic belief is. But if you say, actually, great unhappiness or great stress is a signal that there is a toxic belief. Now let's try and work out which one it is. So I actually had a slight disagreement with my agent about this guy, sent her an early draft of the book. And she said, Well, you know, I'm not convinced it's as easy as you say is a change a toxic belief. And I said, Well, actually, you're right about that, my dear agent, you're absolutely right about that. But that's because they don't realize that they've got it. And once they realize that they've got it, then it is remarkably easy. Because no one wants to be unhappy and stressed, if they understand the cause of it, obviously. And too often, we actually think things which are not in our interest, their ideas which have been implanted in us by our parents, by our teachers, by our schoolmates, by our friends, or they're in the general culture, that we actually must do something. And one of the things that is my particular bug there is working hard. You know, people think there's some virtue in working hard. And of course, working hard, you know, some people like working hard. But beyond a certain point, it becomes counterproductive. And it's always because they were brought up that way. You know, we used to think

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that if you're a decent human being trying hard to be good and arrested, you had to work hard, it was part of the package. But there are so many examples of people who don't work hard, who make

a much greater contribution, like Bill Bain or Bruce Henderson, despite having a charmed life, once they've somehow come to a major insight, which can have huge consequences. And you don't need to work hard. When I was working at the Boston Consulting Group 70 or 80 hours a week, I was failing. The longer I work, the worse it got. And the worse the stress got, to the point where, you know, I was thinking of throwing up, work all together. They are related to each other. Is there an opposite to the toxic belief, a yin to the yang, or I guess it's not quite yin to the yang? Because you can do without the toxic beliefs.

There's a minor opposite and a major opposite. So the minor opposite of very important is what I call good beliefs. So I then asked my second question of people. You remember the first question was,

have you changed an important belief in your life? Which I don't define as a toxic belief, because it could be good or it could be bad, but it always turns out to be bad.

And then my second question is, well, tell me about the three or four beliefs that have made a difference in your life, where you've actually acted upon those beliefs. And which two or three or four beliefs or maybe only one belief, do you actually believe? Has that actually been a good belief from that point of view? Has good consequences for you and for other people? Then you get another list of about 10. For example, some people say, I follow my conscience, which sounds very sort of goody-goody and all the rest of it, but actually is psychologically makes a lot of sense, because if you follow your conscience, you can make a decision and you always feel good about yourself from that point of view.

Other beliefs which are very useful are karma, belief that what goes around comes around and sooner or later, if you're a bastard, it will catch you out. People will stop inviting you to dinner or they'll say nasty things about you or whatever. People's reputations are very important, particularly in business, but in any walk of life, I think in any walk of life actually, people who are disrespectful or don't behave well eventually get found out in some way or another. So, karma's another one. Kindness, just the idea of kindness. There's a particularly popular amongst women, I have to say, in my sample, very small sample, probably not statistically significant, but a lot of women, almost half of the women mentioned kindness and I knew, because I knew the people, that they were kind people, they weren't just saying that pro forma. What was the belief that sort of kindness is a virtue or some other?

Very often, in fact, the children, he said, my mother said, I particularly praise my children when they've been kind to other children. So, it's kind of a double whammy from that point of view. But it's, you know, you go out of your way to make life a little more comfortable for people, but you can see a suffering. And I think, you know, despite sounding a bit sexist, I think women generally are more attuned to that than most men. Oh, other beliefs which are important. One of the things which I found very, very interesting was that most of the people who were apparently happiest, and I believe were happiest, had either a religious belief or a philosophical belief, which made sense to the world. It might be a belief in evolution, for example, totally contrary to what most people think it should be a religious belief.

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But if people really did believe that there was some logic to life, whether or not it might be in that there was no logic. But anyway, something that explained everything, evolution is very good at that because people can explain almost anything by evolution, usually, fallaciously, in my view. Or if people have a religious belief, it didn't matter if they were Buddhists or fundamentalist Christians, it didn't really matter whether the belief was intellectually respectable or not. If people really believed it, then it was quite effective in terms of the actions that people took. And you don't have to do the right thing for the right reason. You can do the right thing for the wrong reason. And so the people who were less happy didn't have any strong religious or philosophical beliefs. They didn't have any scaffolding for making meaning of reality in some sense. One of the other beliefs which was very important was optimism. People who were optimistic were happier and more productive than people who were not. And books have been written about how you can actually become more optimistic. It's not something which is immutable.

There are ways of becoming more optimistic.

These are the minor opposites to the toxic beliefs?

Yes. Some of them are not quite so minor. So good beliefs. So the toxic beliefs, good beliefs. And what else do you think there are on top of that?

I mean, it's got to be better than good. Or bigger than good.

They might be great, but I'd turn them grand. Because the problem with grand beliefs is that they are grand and they may be grandiose as well as grand. So they're not necessarily good. And when

they're not good, they're extremely bad. But they are beliefs which are almost messianic. Very interesting thing this. Of my 50 people, eight of them had actually a belief which they got when they were very young, usually before they were teenagers, which was completely unfounded and completely implausible. So in my own case, it was that I would become a millionaire.

And you're a nine.

My extrapolation, very rich. Completely. I mean, I think I've described before how that happened, but it was a complete accident. But once I'd got the belief, I started thinking, what would I need to do in order to become a millionaire? So one of the things that I did was start a stamp company, company collecting postage stamps. And it wasn't wildly successful, but it did teach me a few things. And we did make a little bit of money. And then I was always looking for ways to make money, again, related to stamps. When there's a commemorative issue, an event happens like England Winner World Cup, as has happened in 1966, when I was 16. They over stamped the existing stamps with England winners. So it was kind of almost like a toy printing outfit. And those stamps went on sale at the post office. You can imagine everyone wanted the England Winner stamps. And they were sold out in most post offices throughout the day. And what I did was I got on my bicycle and I went to every single post office in Windsor and tried to buy as many of these stamps.

And some people would refuse to sell me any. Some people would say you can have three. Other people would give me whole sheets of the things, as long as I could pay for them. And those became immensely valuable. No, it made me a few thousand pounds. But, you know, it all helped. And it was looking for opportunities like that that made a big difference. What are some other examples of grand beliefs? A very common one is I want to be prime minister or president. Now, you might

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smile at that and say that's completely unrealistic. There were two people in my sample. One said I want

to become prime minister. This person is now a cabinet minister. If they hadn't have had that belief, although it's very unrealistic, probably he won't become prime minister. But you'd never know. He's got a chance at becoming, he's got a lot closer to it than most people would think.

Another person's grand belief was that they would play a prominent role in politics without defining what that would be. That person's the head of probably the most respected London think tank at the present time. So it gives you a focus and it gives you an ambition. And you'll sensitize to try and find those opportunities. Yeah, creates a selective attention.

Yeah. Another person had the belief that they would find a cure for cancer. Now, it hasn't happened yet, but this person is making considerable progress on that. And I think there's a 50-50 chance that in your lifetime, if not in mine, he will actually do that. It's extraordinary.

For someone who was not a scientist, he was just an engineer. He's now going to scientific conventions and talking to people about that. So it's a grand belief. Hitler's grand belief was that the Jews should be wiped out. So the grand belief is not necessarily a good thing. And that was quite a commonplace belief in Vienna when he grew up.

Are there other positive historical examples of this that stand out to you?

Well, Winston Churchill is the opposite of Hitler. His belief was stop Hitler. And I don't know if you've gone into the career details of Winston Churchill, but he was incredibly unsuccessful. He actually was a cabinet minister very early on in his life, but he messed everything up hugely.

He was responsible for several hundreds of thousands of people dying in the Dardanelles in the First World War. He was responsible for taking Britain onto the gold standard at a completely unrealistically high exchange rate against the US dollar in 1925. He was opposed to a very minor measure of self-government in India in the 1930s. He lost all credibility with his senior colleagues. He was thrown out of the cabinet. He was in the wilderness completely in the 1930s. And the only thing that saved Churchill's career was Hitler because he was an extreme patriot. He thought the British Empire was the best thing on earth. He'd grown up in an environment and in a school, a harrow, where they sang songs about Queen Elizabeth the First defeating the Armada. So you can see that given the conditioning like that, if someone like Hitler comes along, he thinks, well, possibly this is a threat to the British Empire. And I've got to do something about it. There's a fascinating story in one of the biographies by Andrew Roberts, the most recent biography of Churchill. When he was 16 years old, and this is well documented, he told a friend that there was going to be a future terrible war. He didn't give any dates or anything like that. But he said, during this war, I'm going to rise to a very high position in England. And in my high position, I will save London from being bombed.

How old was he when this happened? 16.

What do you make of that? That's very specific.

Well, it is. And he said it to someone who became a minister and who actually wrote it all down contemporaneously. And Andrew Roberts believes the story. Well, the way that I interpreted that is that Churchill was delusional. He thought, in a very schoolboy sort of way, that England was going to come under threat, which is not totally implausible, that there'd be a war. And that he, Winston Spencer Churchill, would be the person who saved the country. Well, that was nuts. But

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actually, when Hitler came along and started appearing to be a menace to Britain, who in the whole of the British establishment would say, we better worry about Hitler. Almost nobody else worried about Hitler. The Prime Minister Neville Chamberlain said, Hitler's a man we can do business

with. When he gives his word, he will stick to his word. David Lloyd George said the same thing. So did many other writers, including George Bernard Shaw. You know, they thought Hitler may have come up with some ridiculous ideas in the 1920s. But he was beyond that. He wasn't going to do anything bad. But Churchill said, mark my words, the Munich Agreement in 1938 is a complete disaster. Hitler said he's not going to invade Czechoslovakia. He's not going to invade Poland. Don't believe him. And Neville Chamberlain said, no, he's given his word, his signature to the bit of paper, carrying his piece in our time. And, you know, it was complete rubbish. So when Hitler had done his worst in 1940, the only person that they could choose to replace Neville Chamberlain was actually Churchill. The King didn't like it. The majority of the Conservative Party didn't like it. The Labour Party didn't like it because he'd been very rude about the trade unions and had broken the general strike in 1926. He was very unpopular. But nevertheless, he said, this is what we must do to save the world. And he did. It's unbelievable. So delusions can be very helpful sometimes.

As I listen to these grand beliefs and as the audience listen to these various grand beliefs, they may have some questions of their own. So the question, number one, might be, what if I cannot identify one of these grand beliefs? Do I need to try to identify a belief? Because maybe when I was a kid, I thought I would be an astronaut, but I'm not an astronaut. How do I go about finding that grand belief? Or is the exercise to try to create a new grand belief that I can then use? Or is it both? Well, how would you answer these questions? I don't think that everyone, Tim, should actually have a grand belief. I think you either have it or you don't. And I don't think there's much point in trying to manufacture a grand belief. Because when you're beyond the age of 15, it's probably pointless anyway. The great value of having a grand belief is that it changes your whole mindset when you're at a very impressionable age. Most people, when they get beyond 20 and all the rest of it, would say, this is unrealistic. The whole point about a grand belief is that it's unrealistic. But you don't realize it's unrealistic. And therefore, you might possibly achieve it. There were three other instances of people who in one form or other believed that they were going to make a lot of money or be very successful. And because they-

This is in your sample, sir. In my sample, yeah. So there are eight people who had a grand belief and a 50. So very, very small numbers. But I was staggered. I thought I was the only one with one of these stupid, juvenile beliefs. So it's much more common than perhaps- And most of them had not told anyone else that they'd had this belief. I remember there was one of the ones who had a political belief said that his belief was held up to ridicule in the school assembly after he'd left. He left at age 16 and went to a sixth form college because he couldn't stand being in the school, which was a very regimented traditional school. And he said that the Geography Master stood up in assembly a few months after he'd left and said, you might know that when people leave school, we ask them why they're leaving and what their future career is going to be, what job they think they're going to have in the future. And he said, and this person wrote down Prime Minister and he said, you know, it's

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ridiculous for one of you to think that you're going to be Prime Minister.

And when my friend had actually found out about it, he didn't identify who the person was but confirmed the belief. This was someone who left three months ago. You might remember they left and they looked like this. No, he didn't say that. But my friend was incandescent with so he reports with anger saying, how dare this man, who's only been a geography teacher in his whole career, be the judge and say, it's completely unrealistic for you to become Prime Minister. That just made me more and more determined to become Prime Minister, at least to get close

to it. And so these beliefs are quite visceral. I mean, they, you know, whether they're good beliefs or bad beliefs, I think beliefs at an early stage, they're the flip side of a toxic belief. So for example, my actual grand belief was that I'd make a lot of money, I'd be a millionaire. But later on, I had a toxic belief, which was a variant of that, which is nothing in my life is more important than making money. And it was so ridiculous that when I had made a lot of money in the year 2000, my net worth doubled. And it doubled very much in the last three months.

And that was because two companies that I'd invested in, Fanjul and Auto One were the companies. In the case of Auto One, they did an IPO in the first quarter of the following year.

In the case of Fanjul, there was an offer made by Flutter, which was in a way descended from Betfair to buy out the minority stake of which I was part in Fanjul. It was a very generous offer. So there I was, I had 300 million pounds in cash. And my network had gone up to a billion pounds from 500 million pounds. Sorry if that sounds like boasting, but the odd thing was I was miserable. And I was miserable because I felt the responsibility. Here I'd got this sort of, you know, wonderful track record of 22% compound after tax returns. And I just felt, what do I do in the next five to 10 years in order to continue this track record?

So there I was desperately trying to spend this money. I invested in the company we talked about earlier, what three words and made a very large investment in that and invested in some other companies. And it was stressful because, you know, there was a lot at stake. And then I suddenly had a realization at the end of that year, this is stupid. Why should I feel under stress to make more money when I've already got more money than I can possibly spend in my lifetime? Even giving a way is going to be, you know, quite difficult. Don't write into me, please, and ask me for donations because I've decided what to do with my money. And it's not one for you. But anyway, how stupid can you be to have a lot of money and be anxious about it? But the strength of the belief was very strong. I mean, it lasted for a very long time. So, you know, I do think that these grand beliefs can sometimes be toxic beliefs as well. How did you pattern interrupt in the sense that like your experience, I've heard of many experiences, in some cases from acquaintances or friends, very often from others outside of those circles, who get to a point, they are what they might consider post-economic. They've worked so hard or made very smart decisions,

but they put a lot of energy into getting to a point where they don't have to worry about money, and they find new ways to worry about money. So, you used to be reaching a number, they far surpassed that number, and now it's about their annual compounded annual growth rate, something like that. They find a new way to worry about money. They know it's stupid,

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but they cannot seem to stop, or they don't have compelling alternatives. So, they keep playing these dumb games with themselves. How did you interrupt that? It's either very difficult, or it's impossible, or it's very easy. And this is the flip side about... I buy it so far.

I mean, I actually came to, when I was thinking about beliefs, and I said, you know, there are all these toxic beliefs, and isn't it strange how people have got these toxic beliefs? And then I realized I had one myself. It was a variant. You know, it wasn't I needed to make money. It was very important, and it was the most important thing. And I said to myself, is this going to make me happy? So, I mean, my only advice to people is to say, you know, is it going to make you happy? And also, is getting rid of the belief going to enable you to get rid of some stress? Because stress up to a certain point is very functional, but beyond a certain point, it's paralyzing. So, you ask yourself a very simple question, and we should ask ourselves these whenever we're thinking about our lives in a serious way. We should say, is it making me happy?

What beliefs do I have? And is it making me happy? And if it's not making me happy, it's not going to make other people happy. I mean, one of my points about happiness is that happiness is probably the least selfish thing that you can pursue. Because if you're happy, you're going to make a lot of other people happy as well. If you're miserable...

Yeah, that's a really important point.

You're going to make other people miserable. And whenever I'm tempted to be a bit downbeat or misanthropic, I say to myself, this is very selfish. So, get out of this particular pattern of thinking.

Yeah, you know, like turning away these sincere, loving listeners who want to ask you for all of your money.

So, I need to scratch an itch that I mentioned earlier, and this is related to Oxford.

I'm going to give you a cue, and then I'd love for you to unpack it, and then I have a bunch of selfish questions or self-interested questions at the very least. So, the Oxford experience for 99.1 people, and that's 99.1. So, think again, along the lines of 80, 20, 99.1, which perhaps you could explain. But what is the Oxford experience for 99.1 people, or what could it be?

I've been talking to the head of my old college.

What is the name of your old college?

I'd rather not say actually, but you don't have to say.

No, I don't know. I don't see why I shouldn't. People can look it up very easily.

But why doesn't it happen?

It's Wadham College. Wadham College, Oxford, W-A-D-H.

Does that expose you in some strange way?

I mean, it's giving the game away a little bit. It might be premature because we haven't done it.

Oh, yeah, I see what you're saying. Right, right, right. So, we could scratch that.

So, no, no, no, no, no, that's fine. Don't scratch it. That's fine.

Editor, don't scratch it.

So, it started because they were interested in me making a donation to college, and I said,

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yeah, fine, I can make a donation to college. But rather than make a donation, can I also give you some thoughts about your finances? And the head of the college was very gracious and said, yeah, that's fine. I'm sure you're thrilled.

We love donations with lots of strings attached. I'm just kidding.

And I said, yeah, okay. He said, we're losing money on our undergraduates.

Every undergraduate that we educate costs us twice what we can actually charge.

They can charge 9,200 pounds a year. And we make a loss on that because we've got a tutorial system. A tutorial system is very labor intensive. A tutorial system means that instead of people going to lectures, what you do is you have a tutor and either alone or with one other student, you go and see them every week. And they give you a subject for an essay, and they tell you which books and articles to read. And then a week later, you go along to them again with a bit of fear and trembling. And you've got your essay there. And they don't sort of tell you to hand it over. They make you read it out. It's a form of sadism.

And then they interrupt you halfway through and say, well, it's interesting you say this, Richard, but isn't it true that and then they give you a complete opposite view.

And you get challenged. And that's very good for you, although it's terrifying to start with.

And you can actually get into quite an intelligent discussion. And you as a student, you know, 18 year old student have got the benefit of the personal attention of someone who's a world expert in this particular field. And they're telling you that your thinking is all screwed up, or sometimes very occasionally, they tell you, that's really good. Yes, you've got your onto something there. But have you also considered this that and the other? It's a wonderful system. I think I would never have made the money that I've made or have whatever success

I've had in life, had it not been for that experience of having a tutorial system. So I'm very happy to give my old college some money. But I said, look, let's try and work out why you're losing money. And they said, well, it's very simple, you know, we're losing money on every undergraduate. Okay. So I say, well, maybe you should have more graduates. And they say, no, we don't want to do that. We like teaching undergraduates, we think it's very useful.

And we're quite passionate about that. So you've got to continue teaching these undergraduate. Why can't you charge more money? We can't charge more money because that's set by the government.

Why can't you get more overseas students? We can't get more overseas students because the regulator won't allow us to go over a certain percentage. So then I'm sort of running out of ideas. And then I said to look, Oxford terms last for eight weeks, don't they? And they said, yes, and there are three terms a year. So even I can do the mental arithmetic that three times eight is 24. That's 24 weeks of the year that you're actually operating this educational factory, let's call it a factory. And again, even I can work out that the capacity utilization on that basis is 46%. You know, you're closed more than you are open. Is there a way of doing it? And I said, well, let's think about the 80-20 principle. The 80-20 principle says that if you want a new set of customers, you might as well go for the customers that can afford the most and can benefit the most. So I'm going to call these people 99 one people. So what you want to do is go and talk to the most very successful companies in Britain and throughout the world and identify the very

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most successful people within those companies. Very probably they're going to be the people at the top of the company, aren't they? Or the close to the top of the company. Okay, it's become quite fashionable. And I think very useful for people to have a period of sabbaticals. You know, this originated, I think in academia itself. But more and more companies are very successful companies, investment banks, consulting firms, even venture capital firms, marketing experts, anyone who's found a corner where they've got a very high relative market share, they're very successful at doing what they're doing, they're making pots and pots of money. But the people who are at the top of those companies actually very often, who've been responsible for making lots and lots of money, are exhausted volcanoes. They're basically they've been doing the same thing for the last 10 years. They need some new ideas. And they also need a break. So one of the things that my old firm, L.E.K. did, I got a guy called Stuart Jackson, who became the chief executive long after I disappeared. And he said, you've got to have a three months sabbatical every five years. It's not optional. You know, you've got to do it. And you've got to do something which refreshes your mind, as well as your body and all the rest of it. So I think, perfect. What we'll do is we'll do sabbaticals for people who have been very, very successful. And what are we going to do? We're not going to talk about business. Because most of the people who are good target markets for this, what I call the Oxford experience or the Waterman experience, are going to be people who in one way or another relate to business. They don't have to be in business. But if they're going to make a lot of money, you know, they could in theory be artists or they, you know, they could be brain surgeons, most likely they're going to be related to business. So what we're going to do is set up a course which has nothing whatsoever to do with business, but which is a good intellectual training. And so let's come up with a list of 10 things that you can teach that people might be interested in buying. And they came up with a list and it includes things like the history of art. It's amazing how many people who have been very successful and know nothing at all about art actually want to study the history of art. It's a very, it's a very fashionable subject these days. So there's history of art. There's philosophy, you know, again, that's a lot of interest as you know, in Greek and Roman philosophy. So let's study philosophy and see what they had to say about this. There's also things like the history of the last 300 years. Again, quite a few people have said to me, including former investment bankers, my weak suit is actually history. I've got no context for the modern world. I don't understand how the modern world developed. Other people said, what about psychology or sociology? And so on. So, you know, we've got a list of 10 possible options. Oh, meditation. Meditation is enormously important. There's some intellectual grist behind it. It's not just sort of, you know, touchy-feely sort of stuff. You know, there are some really profound roots to meditation and you have to understand the history of Buddhism and etc, etc, etc. Can you teach that? Yes, we can teach that. So what I said is, okay, what we do is we get people to come from organizations, we mix them up in terms of background and we put them in triads when in trios groups of three people and then they have the tutorial system and they come and they agree to study, you know, the same subject for eight weeks at the 17th century, beautiful 17th century college, modern college Oxford, with the most wonderful gardens behind. Never mind that the weather is terrible. People are going to really benefit from this experience and we'll do it in the

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spring and the summer. So that's all right. So you don't have to worry about that. My main question that I wrote down in preparation for hearing all about this was, best time of year, question mark. Well, it's the spring and summer vacation. So it's basically from May, June, July, August, September. Yeah. So those are the times that it's safe to go to England in my book. And if you live there anyway, it doesn't make any difference. Yeah, sure. If you're already there, it doesn't matter. How would you think about, I understand this hasn't been decided, but how would you think about pricing something like that?

Just for a window into how you determine that? Very expensive. No, my idea is that we throw in everything, the tuition, we throw in lots of food, we throw in the accommodation in this 17th century, beautiful building, slightly impractical, and we throw in food. And most important of all, we throw in lots of wine because we've got wine cellars, which are very fine wines. And we make it a very enjoyable experience. And we also have weekly lectures. And apart from the tutorials, the tutorial is the sort of, you know, bedrock thing. And how do we price it? We charge £50,000. Yeah. So it's about \$70,000 or something like that. Yeah. And it's a lot of money. But for an organisation that's been very successful and is thinking about sending, you know, half a dozen people, it's nothing. It's an absolute drop in the ocean. And if one of those people comes up with a creative idea, which is going to generate a new product or a new way of doing business, comparable perhaps to what Bruce Henderson or Bill Bain came up with, you know, as a result of thinking, that's what they did. You know, they thought very carefully and they were very bright people. You know, if they come up with an idea like that as a result of the sabbatical, it's going to pay for itself many, many, many times over. And also, the other great attribute is that we'll organise people into groups of three people. They can't be from the same organisation. They have to be from a different background. And they have to be from a different country. And it's going to be a very intense experience for those three people. And they're going to get to know each other. They might hate each other as a result of the eight weeks they spend together, but they might become best friends or they might work out a business rationale where the organisations in some way can collaborate with each other. So this is a wonderful idea. And, you know, they should be queuing up. So anyone is very interested in this, contact me and I'll put you in touch with the warden of Wadham. And he can sign you up for this. Who should figure out a contact form so you're not getting seven million emails about this? We'll figure that out. We'll put something in the show notes. And let me ask you then a couple of, well, a few ideas. I'll throw out some ideas too. So there's an event that I've attended before called Dialogue. And I haven't been in a while, but in the early days especially, I really enjoyed it when the groups were smaller. And thinking about, oh man, if I ended up kind of like the movie Step Brothers, if people have seen that, it's comedy. But if I'm bunking, you know, if one of my two team members of the triplets, if I didn't get along with one, but I had to see them every day for eight weeks, I might just leave. I might pull the ripcord if I'm being honest with myself. But with the one, not saying alternative, maybe it's a compliment just to diversify the interactions. But what Dialogue does very well is they have a signed seating for every meal. And they decide on the composition of each table. And then one person is tasked with,

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this is typically for dinners, leading the conversation. So there's one conversation per table, Jeffersonian style. So in this case, it's generally more than three people. So it'd be five or six or seven or something like that. And it's absolutely spectacular. It makes such a big difference. I will say that if there's the possibility, if I could put in a bespoke request. You want a freebie? No, not a freebie. I'll pay. But I think there would be a huge demand also from entrepreneurs. Maybe they are the CEOs of companies they've built who are looking for a defensible excuse. They need something that will not look like unemployment on LinkedIn for, say, one or two or three months to rest themselves and get out of the exhausted volcano category. And I think there would also be a huge demand for that as far as upside and financial possibilities. That's all great and that's icing on the cake, but they just want a fucking break. Hang out and have some wine around some gardens. Can you imagine working in a high pressure organization for 20 years, clawing your way to the top of that organization, and then finding that they still want you to work 50 or 60 hours a week, 50, well, not 52 weeks a year, but maybe 48. Oh, sure. And then on your time off, you're thinking about the stuff. And then your only option to go from mega, mega work is you'd retire and then you've got nothing to do. People who claw that effectively. It's stupid. It's really stupid. Don't do well in retirement generally. So my bestow'd request, which is more of a suggestion, but if it ends up happening, then I will certainly participate. If there were, in addition to history of art, an art option, there was more hands on. So I'll get very specific here. If you could bring in some people who were formerly or currently, but probably formerly given the duration, say artists, concept artists, background artists, et cetera, from places like Pixar. And maybe you had a couple of different tranches, right? There was say very, very beginner starting from scratch folks who were doing gesture drawing and so on, using traditional materials, but then also having some folks who are bringing in digital tools, which has been a huge key to unlocking my ability to enjoy art again. It's the ability to hit undo. My God, is that a lifesaver? I would absolutely participate in that. And I would probably participate in other things, language, for instance, if there are an option to really just focus on that. It sounds lovely. So in any case, I think that's a... No, I think your request is right. I mean, I think art is hugely important. I absolutely believe that the Western civilization would not be what it is today if it had not been for the Renaissance and the artists. And we wouldn't have all these beautiful churches with the frescoes. We wouldn't have lots of things and art moves on. And arts... I don't know. Probably it's cumulative to a degree because people invent perspective, for example, and then all the art looks a lot more interesting. And then people do tech stuff. So that's another dimension on the rest. So it's progressive. But it's also... There are different periods. Even Picasso had about six different periods of his life. He didn't always draw people like they were sliced up. I think art is enormously important. Don't forget artists either. I mean, I happen to know one of my best friends is an artist who's got two paintings in the Tate, not the modern one, but the old one. There is tape written as what they call it now. Yeah. I'm sure he would be delighted to come along and talk to people and look at the art of

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someone like you. I mean, you showed me some of the pictures that you've been drawing yesterday. And I thought they were fantastic. I actually... I said to myself, I want to show that to Colin Smith who's the chap I'm involved. I'd really like to introduce you to him because he might think they're no good, but I doubt it. And I think people need encouragement. People do need encouragement. And I actually... I'm going to diss this very much on the left field, but I want to put it out there. If you are an artist, specifically a comic book artist, or if you're involved with sequential art in Portugal, please ping me on Twitter because last night, I'm not going to name names, but the girlfriend of a mutual friend of ours showed me art that was made by a seven-year-old here in Portugal that blew my mind. This kid has so much potential. He's so incredibly developed for his age. I don't think he's had any formal training whatsoever. It's incredible. And it would just be such... It would make me so happy to try to connect him with someone in Portugal who's walking the walk and is doing what he dreams of doing because I think he could be one of the greats. I mean, it sounds like a very big statement it is, but I was absolutely blown away by how talented this kid is. So I'm not that kid, but I do know that I have some predisposition. I've resurrected this interest, this love, and to have these experts who are practitioners, who love what they do, who are not just teaching material, because you could go and try to memorize Wikipedia for material, but they're imbuing you with a sense of excitement and passion and love, and ultimately, hopefully, helping you to develop confidence so that you can actually continue exploring these things. I love everything about it.

Yeah, and I think it's very important for business as well, because business is increasingly a matter of beauty. I mean, you think about the Apple devices though, they are beautiful at a certain level, and Steve Jobs apparently took the people to MoMA in New York Museum of Modern Art there, and said, you know, what we want to do is create things which are in the same category.

That sounds like a crazy left field sort of thing to do, but it worked, you know, and they did create, you know, I think the iPhone is actually quite a beautiful thing. Jobs studied calligraphy also, and I will say that there are the direct implications of art, and I was reading an excellent book, I'm blanking on the name, it's about the function and history of comics, really wish I could remember the author's name, but I read this book, and I believe it was in this book that he talked about art and defined it as anything that does not have human produced art, as anything that does not have a fitness function in the sense of reproduction or survival, anything that falls outside of those two.

Anything that's not utilitarian, in other words, anything that's not useful, yeah.

Yeah, yeah, in the narrow possible sense, but what is more useful than beauty?

All right, I don't object here, but I'm saying, so we could definitely go down a rabbit hole, I think we need more wine for that, maybe tonight we'll have a good argument about this. The point I was going to make is... Which mean more wine, we haven't had any so far. Good Lord, yeah, I think I'm a white belt signing up to spar with a black belt here, but the point I was going to make is there are the obvious connections, right, Steve Jobs studies calligraphy, that informs the typefaces of the Macintosh, etc, etc, but then there are these perhaps non-obvious radiating effects that I've experienced where I'm getting involved with playing around with painting, I mean I spent two and a half hours digitally painting something

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yesterday, it was very challenging, I made all sorts of mistakes, but I was completely engrossed in it and lost in a way, maybe found in a way, that I often experience in deep states of meditation, but I'm not going to meditate for two and a half hours on a daily basis, this was effortless in a sense, and if you could imagine what if I could accrue some say the benefits of meditating for two hours a day while doing something else, or put in a more maybe concrete sense, recharging your batteries, what would you do with that extra energy? So what I've found is, by doing this thing, which even some of my friends have said, they haven't labeled it frivolous, but they're like, okay man, whatever floats your boat, fine, that's great, you know, enjoy it, hello dog, am I speaking your language, do you like beauty too? The dog is wagging her tail, what a lovely pooch, I have experienced this new wellspring of energy, which I can then apply to everything, so it's also helping me to grow this fundamental underlying currency of energy that then applies to everything else, it's just been incredible, so I do hope people are able to find more options for themselves, and I want to mention one thing before I forget, which is if you want to delve into history, maybe we can get some recommendations from you too, but one of my favorite ways to delve into history in the last 10 years has been listening to what is still my favorite podcast, it's an oldie, but goodie, Hardcore History by Dan Carlin, I had him on the podcast, interviewed him ages ago, I suggest that people could start, there are series on World War One, series on World War Two, but I really enjoyed Prophets of Doom as one option, they're very long, they're like audiobooks, in this case this is probably four hours long, Prophets of Doom, which talks about Lutheran Reformation and all sorts of craziness that happened, subsequent to that in Germany, which you can listen to, and Wrath of the Cons, which is about Jengaskhan, I think is the pronunciation they use in that, and it's four or five episodes on the Mongols and Jengaskhan, who was incredibly fascinating, incredibly intelligent, very sophisticated strategist, not necessarily just the sort of folklorian brute that many people associate his name with. Richard, is there anything else that you would like to talk about before we wind to a close, and maybe perhaps grab a bite to eat, is there anything else that we should discuss, anything else I didn't ask that you'd like to touch on, anything at all? There is one other thing, which is I'm not only writing one book, I'm writing another book at the same time, and this book is called 8020 Daily, I know that you're interested in Stoicism, for example, and they've been a very successful set of daily readings, so you have 365 readings from Stoics and others. It's very good if a little tedious after a certain time, but I said, well, why wouldn't it be a good idea to have a set of readings related to not just the 8020 principle, but what I call the 8020 philosophy, because without being too grandiose, I do think there are huge depths, which I haven't plumbed personally, I'm sure there's far more there, about the 8020 principle. You remember that when it was first suggested to me that I write about the 8020 principle, I told the editor who was concerned I could probably spin it out to about five pages, but I certainly couldn't write a book. I ended up writing four books about it, and they're not desperately repetitive, I think, maybe slightly repetitive, but I've sent myself a task of writing 365 ideas about life, the universe, and everything, which are related in some way, some people might say rather tenuous way in some cases, but which are fundamentally related to 8020. And to me, 8020 is far more than a technocratic thing. It's about creating a better life for

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yourself and for other people. And to do that, you need to be able to get results in a way, which is very highly productive. So it sounds technocratic, but it's actually quite deep. So for example, you were talking a few minutes ago about the impact of art in terms of increasing energy. Well, I think that's a very 8020 concept in itself. Totally. I haven't got one of the 365 daily readings about that, but I will have, I think by the time I've finished. Anyway, this book is going to come out next year, as indeed 8020 beliefs is going to come out. It's going to be sensationally successful with putting my optimistic hat on and my marketing and investment hat on. And I actually think people will find it very, very interesting. And if you don't blame me because I've tried hard to make it, every single one is about a different subject, but they're all related to each other in one way or another through the 8020 principle. And it's attempt to say it's about living. So there's a lot of stuff in there which says one way or another, don't work too hard. There's a lot of stuff which says one way or another, don't follow the rules, break the rules. There's a lot of sort of, you know, non-conformist in a way. I suppose it goes back to the sort of, you know, flower power and all that, you know, which I think is, you know, much misunderstood. I think that the attempt to stimulate creativity and get out of the straight jacket of working too hard and being monochrome and boring, you know, I think business is not boring and monochrome. And the people in the 1950s who did it, did it one way, but we can do it in a multicolored and much more enjoyable way. Get enjoyment out of life, but also do things which are going to help other people in one way, giving them ideas or giving it an inspiration or whatever. Anyway, so that's my little advertisement, as you Americans would say, for 8020 days. Go out and buy it. Richard, that's an advertisement. Oh wait, I'm American. I did it. I will be first in line. You're writing, I've said this before, I'll say it again, you're writing has had a huge impact on my life. And I will certainly be first in line for both of these 8020 daily and 8020 beliefs. It never gets old. It always bears repeating, reinforcing, recontextualizing, seeing in new situations and scenarios. The 8020 principle, power law distributions, they're everywhere. It's not limited to business at all. Business just happens to be at times a very crystalline chessboard on which you can see things that are hard to see in other places, but it shows up in biology. It shows up in every aspect of life you can possibly imagine. And for that reason, I will continue to read and reread your work and think about these things and journal on these things. They are so incredibly powerful and so leveraged. If you want to mimic Archimedes and find a lever long enough that you can move the world, you have to pick the right rocks to put them under. And you have to choose the right levers. And these are principles that are incredibly helpful for doing that. Well, thank you very much indeed, Tim. I can't say thank you enough. That's very grateful to you. Thank you. Absolutely. And to everybody listening, you can find Richard at RichardKosh.net. That's RichardKoh.net. You can find him on Twitter at RichardKosh8020. The new books are 8020 Beliefs and 8020 Daily. As always, we will have show notes at tim.blogs.podcast with links to everything. And until next time, be just a little kinder than necessary, not just to others, but also to yourself. Sometimes that involves cross-examining your thoughts, not believing everything you think. And thank you all for tuning in. Take care, everybody. Thank you. Hey, guys, this is Tim again. Just one more thing before you take off, and that is Five Bullet Friday. Would you enjoy getting a short email from me

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every Friday that provides a little fun before the weekend? Between one and a half and two million people subscribe to my free newsletter, my super short newsletter called Five Bullet Friday. Easy to sign up, easy to cancel. It is basically a half page that I send out every Friday to share the coolest things I've found or discovered or have started exploring over that week. It's kind of like my diary of cool things. It often includes articles I'm reading, books I'm reading, albums, perhaps, gadgets, gizmos, all sorts of tech tricks and so on that get sent to me by my friends, including a lot of podcasts, guests, and these strange esoteric things end up in my field and then I test them and then I share them with you. So if that sounds fun, again, it's very short, a little tiny bite of goodness before you head off for the weekend, something to think about. If you'd like to try it out, just go to tim.blog/friday, type that into your browser, tim.blog@friday, drop in your email and you'll get the very next one. Thanks for listening. This episode is brought to you by Eight Sleep. Temperature is one of the main causes of poor sleep and heat is my personal nemesis. I've suffered for decades, tossing and turning, throwing blankets off, pulling the back on, putting one leg on top and repeating all of that ad nauseam.

But now I am falling asleep in record time. Why? Because I'm using a device that was recommended to me by friends called the Podcover by Eight Sleep. The Podcover fits on any mattress and allows you

to adjust the temperature of your sleeping environment, providing the optimal temperature that gets you the best night's sleep. With the Podcover's dual zone temperature control, you and your partner can set your sides of the bed to as cool as 55 degrees or as hot as 110 degrees. I think generally in my experience, my partners prefer the high side and I like to sleep very, very cool. So stop fighting, this helps. Based on your biometrics, environment and sleep stages, the Podcover makes temperature adjustments throughout the night that limit wakeups and increase your percentage of deep sleep. In addition to its best in class temperature regulation, the Podcover sensors also track your health and sleep metrics without the need to use a wearable. So go to eightsleep.com all spelled out eightsleep.com and save \$250 on the Eight Sleep Podcover. That's eightsleep.com. Eight Sleep currently ships within the US, Canada and the UK, select countries in the EU and Australia. Again, that's eightsleep.com to save \$250 on the Eight Sleep Podcover. This episode is brought to you by Secure Frame. Secure Frame's industry leading compliance automation platform paired with their in-house compliance experts and former auditors helps you to get audit ready in weeks, not months, so you can close more deals faster.

I pulled a ton of you online, social and reviews came back, which were overwhelmingly positive for Secure Frame. Secure Frame simplifies and streamlines the process of getting and staying compliant to the most rigorous global privacy and security standards. They help thousands of businesses achieve compliance with security and privacy frameworks, including SOC2, ISO 27001, HIPAA, PCI and GDPR. Secure Frame is the most comprehensive security and compliance automation

platform with hundreds of integrations, built-in security training, vendor and risk management, and more. You continuously detect and remediate misconfigurations across your technology stack, you also get complete visibility with actionable insights on critical security and privacy compliance issues. Security training for SOC2, HIPAA, PCI, DSS, GDPR and more are built

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into Secure Frame's platform. You can quickly meet security and privacy compliance requirements and save time assigning, tracking and reporting on required training. Secure Frame provides unmatched

expert guidance every step of the way with their 30 plus former auditors and industry professionals. Secure Frame helps you quickly achieve and maintain compliance so you can focus on other things like serving your customers, scaling your business and growing revenue.

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