

I Explain Everything

by

Albert Yang

Dedication

This book is dedicated to my student Carol, whose daily battle against Parkinson's Law was the inspiration to this book.

Thanks

A special thanks also to John Cummuta and Tim Ferriss for introducing me to Parkinson's Law. The knowledge of this law has changed my life.

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Forward

There are enemies which encircle you on a daily basis. They are responsible for everything; a horrible retirement, being late to work, why your neighborhood is dirty, why your husband or wife is not exactly what you dreamed he or she would be. The list goes on and on. In a bold attempt to try something never before done, I talk about the basic laws which govern your life; and by explaining them in detail, give you (for the first time) the ability to see what your enemy looks like, how they behave, and what you can do to defeat them.

In what is also ridiculous; I have given myself only a few hours to write this book in its entirety. While most will think it insane, after you read this book, you will understand why I have decided to do this, and why doing so guarantees that you, the reader will get the utmost in quality. It is my hope and desire that armed with this book, you shall be able to slay the enemies that oppress and enslave you on a daily basis; as I explain everything to you, may you have a healthy, happy, joyous and vivacious life.

Summary

Most end a book or chapter with a summary; I however shall begin mine with one as to assure that even if you don't have time to read the book in its entirety, spending 20 seconds on this page will yield you a good coverage of the contents of the book. This book is about the laws which govern your life. Some laws are in alignment with human nature, some are against human nature. I present each law with a brief description, a blurb about its background, and then go into details to explain how the law is used; how it can be used to your benefit, and also how it can be used to your detriment. I will give you examples of how to conquer each law, and what you need to vigilantly look out for.

List of the Laws that will be covered:

- | **Parkinson's Law** ~ "Work expands so as to fill the time available for its completion."
 - **Parkinson's Law of Finance** ~ "Expense expands so as to fill available budget."
 - **Parkinson's Generalized Law** ~ "You will always get the lowest item of which you deem acceptable."
- | **Yang's Law** ~ "Given two items A and B, of which you are an expert in A, and little about B, you will always invest more in B than A."
 - **Confidence Transposition** ~ "People who are experts in one area, assume therefore they are experts in another."
- | **Pareto Principle** ~ "20% of the effort generates 80% of the results."
- | **Occam's Razor** ~ "The explanation requiring the fewest assumptions is most likely to be correct."
- | **Cope's Law** ~ "There is a general tendency toward size increase in evolution."
 - (Some add) "And a greater propensity for extinction of the large forms."
- | **Peter Principle** ~ "In a hierarchy every employee tends to rise to his level of incompetence."
- | **Dilbert Principle** ~ "The most ineffective workers are systematically moved to the place where they can do the least damage: management."
- | **Fixed Cost Batching** ~ "Batch the items that have the same fixed cost."
- | **Passive Default** ~ "People are creatures of habit, so they will gravitate towards that which has least change, or requires the least effort in change."
- | **Guaranteed Detriment Aversion** ~ "People will do whatever it takes to avoid a small amount of pain NOW, even if it knowingly guarantees a lot of pain later."
- | **Hofstadter's Law** ~ "It always takes longer than you expect, even when you take into account Hofstadter's Law."

These laws so drastically affect your life as to make you the puppet and they the puppet master. With the help of this book, I will turn the tables around, and help you become the puppet master, and your life, the puppet for you to beck and call at your whim and pleasure.

Parkinson's Law ~ "Work expands so as to fill the time available for its completion."

Parkinson's Law of Finance ~ "Expense expands so as to fill available budget."

Parkinson's Generalized Law ~ "You will always get the lowest item of which you deem acceptable."

Background Blurb: (From Wikipedia)

"It was first articulated by C. Northcote Parkinson in an article published in *The Economist* in 1955, later reprinted together with other essays in the book *Parkinson's Law: The Pursuit of Progress* (London, John Murray, 1958), based on extensive experience in the British Civil Service. The scientific observations which contributed to the law's development included noting that as Britain's overseas empire declined in importance, the number of employees at the Colonial Office increased."

While I have listed quite a few laws, just as according to Pareto Principle, Parkinson's Law will make up the bulk of this book, and it *IS* the 20% that will make up 80% of your daily battles. Understanding Parkinson's Law will probably be the single most important knowledge you have in your life. (No, I'm not kidding nor exaggerating). This law and its sole understanding will determine if you have a good marriage, if you have a great retirement, if your country is clean, if your life is happy, if you get a promotion. Singularly, it will so engross and encompass every aspect of your life you won't believe it.

Parkinson's Law, and its subsequent corollaries; are almost magical in its profoundness when you understand them. If you have a project, and you are given a month to complete it, you will complete it in a month. If you have the same project and are given two months to complete it, then you will complete it in two months. Anybody who has ever been a college student understands this. While a paper is due in two weeks, most of us will do the paper the night before. If the paper were assigned and we were only given one day to finish it, we would all revolt against the professor, yet when you take a look at the reality of the fact, most of us actually do it in less than 24 hours all the time. So Parkinson's Law, as it applies to school and business, is fairly easy to understand and there are dozens of examples that could be cited. These however, are fairly clear and straight forward.

It is however, the subtle underlining forms of Parkinson's Law, those that we don't notice, that really ruin our lives. Let me give you a few examples. Does your alarm clock have a "snooze" button? If so, and you use it, you are a victim of Parkinson's Law. If your alarm is set at 7:00am, and when it rings, you press the snooze button and "sneak" 10 more minutes of sleep in, you are now a victim of Parkinson's Law. You can almost call it the Parkinson's Law of sleep, "Sleep

will expand to fill time available." So even before you actually *get out of bed*, you are a victim to Parkinson's Law already, and it goes downhill from there.

Because you woke up 10 minutes later, you try to sooth your nerves by telling yourself that you have plenty of time; which of course according to Parkinson's Law, is another lie in and of itself. You say you have plenty of time, and so you slow down your morning routine, and bam! Parkinson's Law applies again, and your morning routine expands to fill (and then overfill) your available time. Once you finally get to work, you sit down to answer ONE email, and then one email becomes ten emails, and soon, what you were suppose to do Monday morning is not done. So you say to yourself, "That's ok, I'll just put in a little overtime tonight, no problem." But what you didn't understand was of course, that Parkinson's Law applies to overtime, and so by giving yourself overtime, Parkinson's Law kicks in once again, and the amount of work you do because you allowed yourself to do overtime is actually the same or LESS than if you didn't have overtime.

This all seems ridiculous, but it's true. If you are the boss of a company, take heed. In a survey of employees who worked 6 hours a day, 8 hours a day, and 10 hours a day. The SAME PERSON, working 6 hours a day, is MORE efficient and got MORE work done than working 8 or 10 hours a day! How can this be?? It's a mixture of Parkinson's Law and Pareto Principle actually. Even if they had 6 hours of work only, if given 10 hours, they will automagically expand the work to fill 10 hours. So productivity goes down as does efficiency. This is further witnessed by the increased productivity of company CEO's who only go into the office three times a week; or even as little as one time a week compared to those who are at the office all the time. I will talk more about this when I introduce Pareto Principle, and its combination with Parkinson's Law. Understand one critical thing though, Parkinson's Law of time, does not shrink, it only grows. That means, when you have a project that is one week long, and later on, you find out you have two weeks instead of one week to finish it, then you will take two weeks. BUT, if you had a project that was two weeks long before, and you then are given only one week to finish it, your project WILL BECOME DELAYED. So Parkinson's Law only expands, it doesn't shrink. I teach you later on though, how to make it shrink.

Parkinson's Law of Finance, "Expense expands as to fill available budget" is probably the singularly biggest reason that you will retire poor. Its defeat will also be the singular reason you will retire rich. A lot of people, who are making \$2000 a month, will say "If I only made more money, things will be better." What happens though, is when they make \$4000 a month, or even \$10,000 a month, they feel the same pressure, if not *MORE* pressure because as their salaries increased, so did their expenses. While not in so many words, the book "The Richest Man in Babylon" by George S. Clason, teaches a method to defeat Parkinson's Law of Finance. By saving a fixed percentage of your income FIRST, (the pay yourself first concept), you will defeat Parkinson's Law. The author David Bach of the book "The Automatic Millionaire" has a fairly interesting

approach to it, and that is that in this day and age, you can really just ask your bank to automatically take and invest a portion of your paycheck every month for you. That way, you will passively defeat Parkinson's Law with little effort on your part. Parkinson's Law of Finance and its effects are fairly easy to see. Look around at the people you know, and I'm sure that you will see it reflected in their lives. It is so important that it bears repeating one more time and in all caps:

"PARKINSON'S LAW OF FINANCE, AND ITS DEFEAT WILL BE THE SOLE DETERMINANT OF WHETHER YOU ARE RICH LATER ON IN LIFE OR NOT."

Consider etching that into stone and hanging it on your wall. With the modern methods of automation we have at our disposal, we really have **NO** excuse why we can't defeat Parkinson's Law of Finance. Going to Harvard, or getting a good job, these play at best, 3rd fiddle to Parkinson's Law of Finance as far as your wealth and poverty is determined. I've summed it up in one paragraph, but please don't let the volume of words fool you. I cannot stress it enough, if you have no solid financial plan in which to defeat Parkinson's Law, then no matter how much money you make, it will eventually become zero. *"The fool and his money are soon parted."* (Thomas Tusser) and how true it is! I believe Mr. Tusser was talking about the lack of understanding of Parkinson's Law. If you are still not convinced, look at movie stars of Hollywood and those who have gone bankrupt. They make, (have made) millions and still manage to blow it all away? Why?!? The answer, Parkinson's Law. If you get nothing else from this book, this point alone is well worth the price of the book.

So we've discussed Parkinson's Law and how it pertains to time, and money, but what about a husband or a wife? What about what kind of car you drive, or eating good food vs. fast food? How can all this be blamed on Parkinson's Law?? Simple, in its most generalized form, Parkinson's Law states that "You will always get, the lowest item of which you deem acceptable." This means that if you think, "ugly" is ok, then your husband or wife will be ugly. If you think "I don't really care what we eat, McDonalds is ok" then you will eat McDonalds. If you say "I don't mind if a job pays only \$5 an hour" then you will get a job that only pays \$5 an hour. Whatever item you deem acceptable, the lowest item on that list is what you will get. If you go to some place that is dirty, the reason that place is dirty is because the people that live there, deem that level of dirtiness to be acceptable, and therefore, generalized Parkinson's Law kicks in and that place is dirty.

If you "don't mind" that your future husband smokes, then your future husband will smoke. If you don't mind that your future wife is fat, then your future wife will be fat. If you don't mind that you eat microwave dinners for dinner every night, then you will eat microwave dinners every night. While this sounds almost ridiculous, it is not. When you hear interviews or read books about very successful people, you will notice that amongst them, the commonality that they all will not accept substandard to be passed as par-

standard. Subsequently, they never receive substandard anything. Think of it like this, there is a hurdle, and you will always just cross over that hurdle. If that hurdle is low, then what you get is low, if that hurdle is high, then what you get is high. Do you want your house to be clean all the time? Apply Parkinson's Law to it, and deem dirtiness unacceptable. You will be surprised how something as simple as raising the minimum accepted standard, will have a profound impact. I remember in high school, there was an English teacher I had who had a ridiculously high standard. Consequently, everybody stepped up their game, and met her standards.

If it's ok to leave the dishes undone overnight, then they will be left undone overnight. If it's ok that your kids bring home bad grades, then they will bring home bad grades. Parkinson's Law, as you can now see, controls almost everything around you. But it gets worse. Parkinson's Law is against every fiber of human nature.

For most of us, given a choice of difficult or easy, we will always default to the easy. That is human nature; and when you do so, you have lost the battle against Parkinson's Law. Like manna from Heaven, defeat of Parkinson's Law, cannot be stored like canned goods; its defeat cannot be accumulated like frequent flyer miles, and its defeat cannot be given to someone else like a well wrapped gift box. You and you alone can see your Parkinson's Law at work in your life, and only active daily effort can keep it at bay. It's harsh news, but it is reality, you can NEVER get rid of Parkinson's Law, but on a daily basis, with careful planning and help from other laws, you can at least keep it at bay. When you do though, your life will open up to a wonderful world filled with excitement and possibilities.

It is CRITICAL, that you understand this law, and its profound effects on your life. It is equally critical that you can SPOT this law before it happens, and prevent it from happening. Later on in the book, as I cover more laws, I will help you use a combination of things to defeat this law and in fact, use it to your advantage.

Yang's Law ~ "Given two items A and B, of which you are an expert in A, and little about B, you will always invest more in B than A."

Confidence Transposition ~ "People who are experts in one area, assume therefore they are experts in another."

Background Blurp:

This law is one that I came up with after careful assessment of my own personal life and the problems I faced in my life. It stems from the observation that professionals, when they lose large amounts of money, almost never do so in their own field of expertise. They instead, invest more in areas they know very little about or are not in their field or scope of expertise.

Most authors write from the vantage point of experience that they have personally gleaned; and I am no exception. This has been a personal battle for me, and one that I am happy to share in hopes that by doing so, others can avoid the same mistakes I have made. The concept is simple to explain, but wrapped wholly in strange psychology. From Yang's Law, stems a corollary that is almost as profound, one that I aptly name Confidence Transposition. It is difficult to explain one without explaining the other, so I have grouped them together in hopes that it will increase your understand of them.

We shall start with the corollary first, and work our way to the law. Let's take someone we all know, the basketball player Michael Jordon. A legend in his own time, we may never see another basketball player like him ever again. Yet, when Michael Jordon retired, he tried out for the baseball team. Why would someone like Michael Jordon do something like that? The reason is, most believe (and wrongly) that if they are experts or professionals in one area, then they therefore can be experts in another area. This psychological conclusion, I have coined as Confidence Transposition: "People who are experts in one area, assume therefore they are experts in another." This is why a large percentage of medical doctors play the stock market (and lose). They believe and say often, "I can do open heart surgery, how difficult can picking a few stocks be??" Consequently, most doctors invest in the stock market, and lose. Now we have a chicken and egg problem, leading us from the corollary to the law; while the doctor is an expert at medical practices, he knows nothing about stocks and finance; yet when it comes time to invest a large chunk of his money, **HE WILL INVEST MORE IN THE STOCK MARKET THAN IN HIS OWN PRACTICE.** This is then crux of Yang's Law: "Given two items A and B, of which you are an expert in A, and know little about B, you will always invest more in B than A."

I am not a psychologist nor do I play one on TV, but this sort of behavior is unexplainable and yet happens all the time. This is the reason you hear doctors

and lawyers, who are cautious when it comes to investments in their own professions; become a loose gunslinger with their money when it is a subject that they know little about. Be it a transposition of confidence on their part, of just a strange psychological phenomenon; one thing is for sure, Yang's Law applies to almost everything we do, and only through eternal vigilance can you really defeat it. Always work with your strengths and defer your weaknesses; it sounds like a simple concept that is well grounded, yet it is a concept that most of us never follow. Yang's Law, will be the reason people say things like "I love cooking; I don't know why I became an accountant instead of a chef." These sayings are simple admittance to being defeated by Yang's Law. Yang's Law, when combined with Confidence Transposition, spells almost guaranteed disaster; you will over-invest in something you really don't know that well; and you will justify it by saying that because you are an expert in A, you are confident that the choices you make about B are good. What is worse; to sell yourself on the false confidence, you will over invest in B, just to prove that you are an expert in it; (which you are not).

I can only share with the reader, that Yang's Law has ruined countless opportunities for me, understand it, and understand that NO, you aren't an expert outside of your field, and because of that, be cautious, and be overly cautious, never transpose your confidence and never invest in what you are not an expert in.

I want to let the reader know a few key differences about Parkinson's Law, vs Yang's Law. Parkinson's Law, I liken to cancer or cirrhosis of the liver, it kills you slowly, day by day. Where as Yang's Law, is like getting hit by a bus. You can be a doctor or a lawyer, be great at your profession, only to lose your entire life's savings in ONE bad investment due to Yang's Law. But be it death by bus, or death by cancer, both Parkinson's Law and Yang's Law will bring certain death to you (or make you wish you were dead) if you do not pay careful attention to them.

Pareto Principle ~ "20% of the effort generates 80% of the results."

Background Blurb: (From Wikipedia)

The Pareto principle (also known as the 80-20 rule, the law of the vital few and the principle of factor scarcity) states that, for many events, 80% of the effects come from 20% of the causes. Business management thinker Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto, who observed that 80% of income in Italy went to 20% of the population. It is a common rule of thumb in business; e.g., "80% of your sales come from 20% of your clients."

The Pareto principle is only tangentially related to Pareto efficiency, which was also introduced by the same economist, Vilfredo Pareto. Pareto developed both concepts in the context of the distribution of income and wealth among the population.

Known to most of us as the 80-20 rule, it explains quite a bit about how our world is run. 20% of the clients make up 80% of the sales. 20% of the clients make up 80% of the headaches. 20% of the activities take up 80% of the time. The list is endless. There are even variations on the 80-20 principle, such as the 90-10, the 95-5, and the 1-99. Of course, if you take a Pareto of a Pareto (Pareto²) you get 80-20 of 80-20, yielding you 64-4 (80% of 80% = 64%; 20% of 20% = 4%).

Like Parkinson's Law, Pareto Principle is another big law that engulfs your work life as well as your personal life. Given that your job is to optimize your life, spotting Parkinson's Law, and applying Pareto Principle to it, is really the basis of the optimization. Let me try to explain how it applies to most projects in the business world, and in combination with Parkinson's Law, you will begin to see how these two laws all but guarantee that a project will be delayed and over budget (even before you factor in Hofstadter's Law.)

Let us begin with a project we have been assigned. The project deadline is in two months. Regardless of what needs to be done, because of Parkinson's Law, we already know that we are going to cut it close, and it will fill all two months, regardless if we have ten tasks to accomplish in those two months, or one hundred tasks. Because traditional project management says, we go ahead and list out the tasks we have to do, and begin those which are on the critical path; or more than likely, the project will begin with those items that will take the longest.

Given our timeline, we already know that according to Pareto Principle, the tasks that will take 80% of our time will only yield 20% of the results. But when we apply traditional project management; what tasks do we start off with first?? That's right, those that will take 80% of the total project time to complete.

So let's suppose that we have task A, and task B. Task A will take six weeks of our total eight weeks, and task B will take only two weeks. Because we feel that we'd like to have some buffer as a project manager (if you didn't notice it, the creation of a buffer has fallen us victim to Parkinson's Law, even with Hofstadter's Law), we will start with task A first so that if we don't finish in the six weeks, we still have two weeks left as buffer.

But because of Pareto Principle, we know that task B is: 1) Easier to do 2) Can be completed in two weeks 3) Will account for 80% of the entire project.

But because traditional management says otherwise, we will start with task A, which is: 1) More difficult to do 2) More time consuming than we first estimated, regardless what the estimation is 3) Will take 80% of our time 4) Will account for probably less than 20% of the project.

So by week 6, task A is not completed. "That's ok, because we have an added two weeks buffer!!" You will say to yourself; but Parkinson's Law of course, kicks in, and you will take all eight weeks of your entire project time to finish task A (and of course, task A WILL be finished by the eight weeks because of Parkinson's Law) but when you have finished with task A, you have only finished 20% of the project.

Therefore, by Parkinson's Law, (and lack of Hofstadter's Law) you will tell your boss that it wasn't your fault, and you need more people, even though you really only have 20% of the tasks left, you will now have more people working on smaller amounts of tasks than you did the previous eight weeks (Cope's Law). The lack of understanding of these two rules, Parkinson's Law and Pareto Principle, is pretty much the reason that most projects are delayed and over budget.

If you are a student, in your student life, if you had to clean your room before you did your homework, you will of course spend 80% of your time on cleaning your room to avoid the homework, and in fact, you will take longer than that because of Parkinson's Law. When you are done with cleaning your room, you will have spent 80% of your time, doing less than 20% of what you needed to do.

If you are in sales, you will spend 80% of your time rearranging and alphabetizing your business cards, and only spend 20% of your time making cold calls, which is what yields you clients, not the rearrangement of business cards. When you understand this however, you will be able to spot it and thus be able to defeat it. I will show you later on, how by reversing the two laws, Parkinson's Law and Pareto Principle, you can do most tasks and do the more efficiently. You can spend as little as 20% of the effort, and 50% of the time, and yield a better product all at the same time!

Occam's Razor ~ "The explanation requiring the fewest assumptions is most likely to be correct."

Background Blurb: (From Wikipedia)

Occam's razor (sometimes spelled Ockham's razor) is a principle attributed to the 14th-century English logician and Franciscan friar William of Ockham. The principle states that the explanation of any phenomenon should make as few assumptions as possible, eliminating those that make no difference in the observable predictions of the explanatory hypothesis or theory. The principle is often expressed in Latin as the *lex parsimoniae* ("law of parsimony" or "law of succinctness"):

Simply put, the simpler one is generally correct. I love this law. Whenever I am in a meeting (which is rare), I use this law to trump almost everything else people say. It simply states that the simpler way is generally more correct; and that things should not be made more complicated than they need to be. On the surface, it seems like a simple law, but you can apply it almost everywhere with great results. For example, if you are in a restaurant and you don't know what you should order, something as simple as "I'd like to order the most popular dish" almost always guarantees you a good meal. It is the most popular for a reason, and it also removes the confusion caused by all those choices and just cuts through to the heart of the problem. When writing, some writers seem to think that big "pomp and circumstance" sentences make them sound studious; but in reality, simple, easy to read and understand sentences are generally superior as there is less room for misinterpretation. The law is simple, but its reaches are far and wide.

There is almost no limit to the creative uses to this law; let me give you a few more examples. Let's say you are meeting up with a bunch of friends. The "I'll call you on your cell phone when I get there" creates a web of unnecessary complexity that need not be there. Instead of playing cell phone tag, go ahead and simply say "We will meet at the Starbucks on the corner of Main Street and 9th Ave." If something changes, then you change it, if not, you do not need to play phone tag. I explore this concept further, later on when I talk about Passive Defaults. You will start to see, that as life gets complex, multiple layers of multiple laws start to come into play.

A word of caution; Occam's Razor, although its logic flows with human nature; in actuality, it is very anti-human nature to simplify things. Instead, (especially in the corporate world, but not exclusively) the belief that increases in complexity = increases in ability is a lie that is not only fed to all of us, but is further perpetuated by almost all of us. Perhaps it is best said by the author Antoine de Saint-Exupery "A designer knows he has achieved perfection not when

there is nothing left to add, but when there is nothing left to take away." Most of us are not designers and it almost seems that we work hard everyday to prove that we aren't.

Cope's Law ~ "There is a general tendency toward size increase in evolution."

Background Blurb: (Parts from Wikipedia)

This law originally stems from biology, in which Cope's rule states that population lineages tend to increase body size over geological time. It is named for Edward Drinker Cope.

This is especially critical if you do something like product management. If I build a widget version 1.0; this law simply states that the widget version 2.0 will probably increase in size and more than likely, in complexity. In software development, this is call "bloat" and I believe it is well named. This law has kinsman ties to both Parkinson's Law as well as Occam's Razor.

If I have a team of 5 people, and they produce widget 1.0 which had 10 features and took 2 months, by Parkinson's Law and Cope's Law; version 2.0 will have 20 features, take 6 months, be twice as big, cost four times as much, and require 10 people to do it; all while going over budget and be delayed countless times. This is what you have to look forward to, if you live without the knowledge of these laws, and work amongst those who are not well versed in these laws and have no working knowledge of how to defeat them.

Here is a real world example, with Windows the Operating System:

(Number of Lines of Code in the Source Code):

Windows 3.1 ~ 3 Million Lines of Code
Windows 95 ~ 14 Million Lines of Code
Windows 98 ~ 18 Million Lines of Code
Windows 2000 ~ 35 Million Lines of Code
Windows XP ~ 40 Million Lines of Code
Windows Vista ~ 50 Million Lines of Code

As you can see, bloat is the norm and not the exception. This is Cope's Law as it applies to Microsoft.

One of the biggest problems with this, is the fact that "large forms" tend to become extinct easier than small forms. Consider a shark or a tiger, vs a rabbit. The shark and tiger are way up on the predatory food chain, but if I had to bet on which would become extinct, I'd bet on the shark or tiger. Evolution and increased in size, ripens you for extinction by new breeds which are smaller and faster. Consider that most of the Fortune 500 companies now, weren't around 50 years ago, and most of the Fortune 500 companies from 50 years ago are either gone, or a shell of their former self.

Peter Principle ~ "In a hierarchy every employee tends to rise to his level of incompetence."

Background Blurb: (From Wikipedia)

The Peter Principle is a colloquial principle of hierarchiology, stated as "In a hierarchy every employee tends to rise to his level of incompetence." Formulated by Dr. Laurence J. Peter in his 1968 book *The Peter Principle*, the principle pertains to the level of competence of the human resources in a hierarchical organization. The principle explains the upward, downward, and lateral movement of personnel within a hierarchically organized system of ranks.

The butt of many jokes, the Peter Principle is a SERIOUS problem, one that should not be laughed at if you are a manager and definitely one to be taken seriously if you own your own company or are in charge of hiring. I have no idea if most managers are aware of the problem, and that is why they perpetuate it, or despite the knowledge creates a Peter Principle Ontological Paradox, in which the very attempt to prevent the Peter Principle actually causes the Peter Principle.

Regardless, Peter Principles are massively damaging on multiple fronts. For example, you have a senior engineer whom you feel is heads and shoulders above the rest of the engineers. Consequently, through Confidence Transposition, you promote the senior engineer to middle management. He is a horrible manager, and later decides to leave the company; because by Peter Principle, he has risen to his level of incompetence. While he might be a great engineer, he's a horrible manager. When he decides to leave the company, he applies for managerial jobs instead of engineering jobs because of Yang's Law, and thus, your company is now without a senior engineer AND a manager; and the engineer himself will forever be under the oppressive hand of Yang's Law; all the while, everybody's image of the engineer will be bad because by Peter Principle, people will not remember him as a great engineer, but will remember him as a horrible manager who was incompetent.

Dilbert Principle ~ "The most ineffective workers are systematically moved to the place where they can do the least damage: management."

Background Blurb: (From Wikipedia)

The Dilbert Principle refers to a 1990s satirical observation stating that companies tend to systematically promote their least-competent employees to management (generally middle management), in order to limit the amount of damage that they're capable of doing.

I have to say that Dilbert is one of my personal favorites as far as comic strips are concerned. The reason I love it so, is because it contains 80% truth, and 20% humor. (Your 80-20 might vary). The Dilbert Principle simply states that damage mitigation might be the primary factor in corporate promotional decisions. While Scott Adams presents it in a humorous way a la the pointy haired boss, it is not a laughing matter. Whenever you don't get rid of your "excess corporate baggage" and instead, promote them to middle management, what you are saying is that sub-par standards and damaging employees are not only ok, but are promotable. Consequently, by generalized Parkinson's Law, that very manager then will determine the very quality of that department and perhaps the quality of that company.

Put another way, the only way to mitigate damage one can do is not to promote them, but to fire them. Then and only then, can you raise the minimal hurdle standard in a company, and raise the bar for everybody. While a lot of CEO's say that they, above all else, would like to see happy and healthy employees, appointing someone invariably incompetent to be their manager sends just the opposite signal. If you were a child and your parents said "Junior, I went shopping today, and bought you all the cheapest items." What would you think about your parents or more importantly, what would you think about your parent's love for you? Well, when a CEO or upper management appoints the worst of the worst to be the manager in hopes of damage mitigation that is the same message that is being sent.

When you combine Peter Principle with Dilbert Principle, it will now become crystal clear why most people who work in large corporations are unhappy. By Peter Principle, those who were competent and happy, you have promoted into a position in which they are incompetent. Those who were incompetent, by Dilbert Principle, you have promoted to manage those who were competent. This is what happens in the corporate world on a daily basis, and all the while, upper management wonders why they are so much difficulty with employee morale.

Fixed Cost Batching ~ "Batch the items that have the same fixed cost."

Background Blurb:

The idea behind Fixed Cost Batching is simple; certain items or actions contain a certain amount of fixed overhead. By grouping those items together, you can save by not repaying that overhead.

The concept of Fixed Cost Batching is simple, and most of us do it on a daily basis, but probably were unaware that there's a concept attached to it. When you sit down and pay all your bills at once, or wait until the weekend to go grocery shopping and do all your shopping at once, you've fixed cost batched. Let me show you however, why this is one of the more critical concepts that you need to familiarize yourself with.

Let me give you an example:

Let's say that you wanted to get 200 T-shirts printed. You go to a shop, and the shop owner charges you \$100 to make the printing plates, and charges you \$10 per T-shirt. $\$10 \times 200 = \2000 , plus the \$100 plating fee = \$2100. Divide that by 200 T-shirts = \$10.50 per T-shirt.

Now let's suppose you wanted to print 3 T-shirts. Again, \$100 for the printing plates and \$10 per T-shirt. $\$10 \times 3 \text{ T-shirts} = \30 , plus \$100 plating fee = \$130. Divide that by 3 T-shirts = \$43.33 per T-shirt.

Now why did the price per T-shirt vary so greatly? The answer is simple, because both had the same fixed overhead cost, the plating fee. Now this is different than economies of scales. What this is saying is that, for certain tasks, regardless the size of the task, there is a certain fixed overhead and if you can batch them together, you do not have to pay an additional overhead. Say I go to the grocery store, to buy some meat. The next day, I go to the grocery store again to buy some fruit. The fixed overhead cost for both actions was driving to the store. If I group them together, I only need to drive to the store ONCE, and buy both the meat and the fruit together. For items like grocery shopping, most of us are familiar, but this concept can be applied to almost everything if we think and plan ahead.

For example, when I was a student, I use to plan like this: Monday night I will do Math homework, Tuesday night I will do English homework, Wednesday night I will do French homework etc. What I didn't know at the time was that this is a ridiculous waste of resources. While on the surface, it looks like great planning, when you understand fixed cost batching, you will see that it is a

horrible and inefficient waste of resources. I don't know about you, but when I use to do homework, I would take about an hour to clean up my desk, flip through my backpack, sharpen my pencils etc.. and generally spend about an hour to GET READY to do homework, before I did the homework.

So let's do the math: suppose I take an hour of prep time to "mentally prepare myself to do homework", and then spent an hour doing homework, and I did this each evening from Monday through Friday upon the various subjects. That means, I would have spent 1 hour of prep time, and 1 hour of homework time, 5 days a week for a total of 10 hours. Let's suppose however, that I batched all the homework, and declared that Friday will be my homework day. I would then spend an hour to mentally prepare for doing the homework, and then I'd work 5 hours in a row to finish all the homework of various subjects. Total time, when done the daily method: 10 hours. Total time when done the batched way, 6 hours; for a total savings of 4 hours, or 40%! Tim Ferriss recommends doing this with everything, from Email (read it once a week only!) to doing laundry, to shopping to anything. I concur.

A word of caution here though, batching, while is a great time saver, does **NOT** happen on its own! It takes fore-knowledge of what is batch-able, and intelligent planning to make it work. The lack of preparation for batching is probably why a lot of people don't have fun on their vacations. They fail to plan well, and batch by either activity or geographic locations. Remember, planning is the key to effective batching; and you cannot batch that who's fixed cost overhead you are unfamiliar with!

I use to do this, but not until Tim Ferriss's book did I know the name of it.

Passive Default ~ "People are creatures of habit, so they will gravitate towards that which has least change, or requires the least effort in change."

Background Blurb:

"We are creatures of habit. We tend not to look for alternatives. It's a lot easier to do the same thing day after day, but do we ever ask ourselves why we do it? Do we ever open ourselves up to alternatives? Why do we do the same things over and over?" (Paul Hegarty)

This is called by some, the "Law of Habit" and called sometimes by others "The Law of Slothness." What it talks about is that, whatever requires the least action, the least effort, or results in the least amount of change from the status quo will probably be the preferred one. Those who understand and have a command of this law will become natural leaders. When people say "Leaders aren't born, they're made" this is probably the law they were referring to. I believe examples, and not explanations best convey the law.

All of us have been there before; a group of us are suppose to meet for either lunch or dinner. It starts off with something like this, "Ok, let's meet up, do we want to do lunch or dinner? Hmm, if we do lunch, we can do it by my office if you guys want to; but what do you guys want to eat? Any suggestions?" At this point, there will be dozens of suggestions thrown out, and all of them rejected, until everybody gets sick and tired of talking about it, and someone blurts out "Let's just pick a place!" at which point, the entire group lowers the standard in which they will accept as a restaurant; generalized Parkinson's Law then kicks in, and you all end up eating at McDonalds. Suppose however, you understood the law of Passive Default, how would it be different and how can this law lead you to leadership and promotions? If you applied the law of Passive Default to the same lunch meet-up, it would go something like this:

"Unless someone can name a better time and place, we will be meeting for lunch at Uncle Vino's, the little Italian Restaurant by my office at 12 noon."

What happens is, that when you preempt your sentence with "Unless someone can name a better time and place", you evoke the law of Passive Default; and you rely on the fact that most are too lazy to change what you deem to be the status quo. When someone in the first situation suggests a restaurant, it is shot down because it's not the status quo, and shooting it down requires no effort.

When you impose the TAX of having to state a better alternative if they are going to shoot it down, then they will more than likely back down, and

revert to the Passive Default time and location that you have named. This is what I do and it works, and it works well. When you are in a meeting, don't just throw out ideas; they WILL get shot down! What you need to do is evoke the law of Passive Default; and make them have to WORK to disagree with you.

Some will say that if you did this every time, people will hate you because you always make the choices. Yes, that is true, but pretty soon, they will sit back and enjoy the fact that when you all meet as a group, they never have to stress over where to eat and when to eat. You are now the elected de facto leader of whom they look to for guidance. When you understand and apply this law in your personal as well as your professional life, you will be seen as a natural leader, capable of making critical decisions.

Guaranteed Detriment Aversion ~ "People will do whatever it takes to avoid a small amount of pain NOW, even if it knowingly guarantees a lot of pain later."

Background Blurp:

Sometimes called "Lack of trader discipline", it is the psychological inability to take small losses that are guaranteed; for even ridiculously minute hope of that things will turn out for the better if you just don't do anything and wait.

This law, more so than any other, is probably the reason that 90%+ of all traders in the world, lose money. If a trader has a bad position, instead of closing out the position for a loss, instead, he will hold on to it in the hopes that by some miracle, things will turn around. They will hold and hold and hold a position until they can't hold it anymore, and finally close the position for a massive loss; ONLY to have the market turn around on them again. Most people, when they see a loss, will say "It's only a loss on paper, if I don't exit the position; it's not a real loss." This "lying to yourself" if you will, is the reason most traders lose.

Most traders are quick to prove they are right, and slow to prove they are wrong; and so consequently, they take profits quickly and take losses slowly. While trading is the most profound forum in which this law takes form, you can see it in other areas of life. For example, do you ask for directions right when you are lost, or do you ask for directions right away? For certain cultures, such as Asian cultures where "Face" is a big issue, this law applies doubly so. Most will spend massive amounts of money just to avoid having to say "I was wrong" right now (and lose face), even if it will cost them a ridiculous amount of money later. I feel this law, is pretty self-explanatory. The common adage of "Cut your losses short, and let your profits run" sums it up. A good trader once told me, "Be quick and stingy with your losses; patient and generous with your profits."

Hofstadter's Law ~ "It always takes longer than you expect, even when you take into account Hofstadter's Law."

Background blurb: (from Wikipedia)

Hofstadter's Law was a part of Douglas Hofstadter's 1979 magnum opus *Gödel, Escher, Bach: An Eternal Golden Braid*. It is often cited among programmers, especially in discussions of techniques to improve productivity, such as The Mythical Man-Month or Extreme Programming.

Hofstadter's Law is a statement of the difficulty of accurately estimating the amount of time it will take to complete tasks of any substantial complexity.

Hofstadter's Law is recursive in nature (i.e., it calls itself by reference) and never bottoms out to a trivial case. That is, even after you have taken Hofstadter's Law into account, by Hofstadter's Law you must still take Hofstadter's Law into account, and so on.

Essentially, any task that can be completed can be subject to Hofstadter's Law; however, the function formed by application of the law must converge.

As a programmer, I love this law simply because it is recursive. But this is a law you have to get your boss to understand. While government statisticians have brainwashed your boss into believing that not only are projects which are 2-6 months easy to estimate, you can estimate out to 5, 10 even 30 year projections! That's all nonsense and you need to realize that. Don't fall for it. Between point A and point B, lies a minefield of what Brian Tracy calls "constant, eminent, and re-occurring crisis." It is because of this, that nobody can estimate how long a project will take. The "mythical man month" is just that, mythical. Whenever you build a false sense of security due to your overconfidence of your ability (or your team's ability) to predict a project deadline, remember Hofstadter's Law, or more importantly, remember that it takes longer than you thought, even after you take into account Hofstadter's Law.

Putting It All Together

So now you know the basics of these laws which your life revolves around; this chapter will talk about putting it all together.

We will start with a few examples in business life; this is something I use to do all the time with great results.

Suppose you had a project from a client, and the project is due in two months. The first thing we will do is give ourselves a new due date of one month. Because we know that Parkinson's Law does not shrink, it only expands; we already know that if we make our project due in one month, we will never finish in time. We cannot finish 100% of the project in 50% of the time. So what we now do, is apply Pareto Principle to the project, we list out everything we need to do for the project, and then determine which part of the project is the part that will only take 20% of the time, but will account for 80% of the results and WE DO THOSE FIRST.

So what we now have is a situation in which, we have 50% of the time, to complete 20% of the tasks! We then apply Occam's Razor to the project, and simplify everything we need to do. We always keep a careful eye on Hofstadter's Law when we promise deadlines. We then determine the fixed cost overhead for each task, and proceed to batch those with the same fixed cost overhead together. We are always mindful of Cope's Law, and put in measures and limits to control "bloat", and when something really minor goes wrong, we make it a policy to admit we are wrong right away; so as to avoid Guaranteed Detriment Aversion.

When the month has gone by, we then go and talk to our clients. We tell them that we have finished 80% of the project, but the other 20% will cause a delay. The 80% that is functional should be just what they need, and now we apply Passive Default to the meeting. You ask your client "You can take the project now as is, 50% ahead of schedule, quite functional, but without the bells and whistles, OR you can gamble on us finishing the rest on time and under budget and not breaking the working prototype we can currently give you."

In my personal experience as a Computer Security Consultant for over 10+ years, every client has taken the offer. Did you just see what happened here?? We got 100% of the money for 20% of the work in 50% of the time! I sometimes offer the difficult clients a 20% refund because I only finished 80% of the project; but most are more than happy with the 50% ahead of schedule to not ask for a refund.

You can apply this to your personal life as well. Let's say you are suppose to write a paper tonight that is due tomorrow, and by your best estimates, it will take you two hours. Go ahead and get something that will do a countdown timer, and give yourself one hour. You will then feel the time pressure, and thus will throw out the 80% of stuff you don't need, and only do the important things that

you need.

Consequently, your paper will contain only the important parts, and none of the unimportant parts; making for a better paper in shorter time. I have said it before, Parkinson's Law does NOT work backwards, and so only by use of Occam's Razor, Anti-Cope's Law, Pareto Principle, Passive Default, and Anti-Guaranteed Detriment Aversion, can you really win this battle.

Make sure you are very clear on the deadlines you give yourself (Parkinson's Law) vs. the deadlines you promise to others (Hofstadter's Law).

As a teacher, I apply these concepts to my work life on a daily basis. I schedule my classes so that they happen one after another. This forces me to finish my classes on time, and also I don't have "dead time" in between classes, and I can batch them together. If I had 3 classes in one day, and each class was 2 hours in length; while it might seem physically exhausting to teach for 6 hours in a row; consider the two different schedules:

Schedule A [Non-batched] 10am~12noon, 2pm~4pm, 6pm~8pm

Schedule B [Batched] 1pm~3pm, 3pm~5pm, 5pm~7pm

Schedule B not only allows you to do something in the morning, but you can actually still schedule in a decent dinner. You are at school a total of 4 hours less! By batching my schedule, I actually have more of a life, and an easier schedule. I still have time to have a decent lunch with my wife, and I get home earlier as well.

I will give you another example. Suppose you are picking classes for school. It would be smarter then to batch all the classes, and say have classes only Monday, Tuesday and Wednesday, but 8 hours on all 3 of those days, instead of having 4 hours of class a day, but Monday to Friday. By doing so, you actually save the number of trips you go to school, and you also free up your time to other things. I did this in college and managed to hold down a job to pay for college. My salary was higher than most of my friends because companies were willing to pay more for someone who can work a full day on a few days in the week, vs. a haphazard pepper sprinkle of a schedule.

Let's say you need to write a few papers for class. Simple batching would be to go to the library and check out all the books for all the papers you need to write. But this is not the extent of the batching you can do. What you SHOULD do is bring a laptop to the library, and write your paper right there; so you can further batch your time by saving the checking out of the books and carrying them back to your dorm. You then should write all your papers **IN ONE SITTING**.

What you will find is that when you start writing, you have paid for having to "put the creative thinking cap on" and thus you don't need to pay it again. That means, if split into 5 different papers, it might have taken you 2 hours each to write each paper, not counting the overhead associated with getting ready to write the papers. What will probably happen is that each paper might take you

as little as one hour each, because you are in "the zone" as they say.

If you run a business, how can you apply these laws to have them work in your favor? Suppose you have a great engineer named Jack, understand that promoting Jack to management when Jack is not skilled in management would be a Peter Principle problem, and thus, you should encourage Jack to not move to management. Understand also, (and explain to Jack) that while he is a great engineer and he thinks he can be a great manager, he is under the illusion of Yang's Law, and as such, he really needs a reality check so he doesn't over invest in the concept of being a manager, when it is not his strength.

Understand then also, that if Jack's co-worker Bill, is a hack-job of an engineer, the options you have are either to have Jack mentor Bill, or to fire Bill. Understand that under NO CIRCUMSTANCES should you EVER SAY, that because Jack is so valuable at his current position, that if you had to promote one of them, then you'd promote Bill because when you do that, you have invoked the Dilbert Principle, and will almost for certain, cause distain on the part of Jack, and cause ruin for your company via Bill in management.

Also understand that if you are the manager in charge of a project or product; that Cope's Law is always at work, and so before you proceed with the production of anything, compare it to the previous version; and apply Pareto Principle to it and start to trim the fat of everything you don't need. Liberal application of Pareto will keep Cope's Law at bay. Also, ask for the time estimate of everybody involved in the project, and whatever they name as the timeframe, cut it by 50%, so that you defeat Parkinson's Law. Explain to them Pareto Principle, Occam's Razor, Fixed Cost Batching, and Passive Default so they may default Parkinson's Law. Have them list all their strengths as well as their weaknesses, and make sure everybody is assigned to their strengths and not their weaknesses so Yang's Law can be avoided.

As a Project Manager, always quote your team shorter timelines (Parkinson's Law) and always quote your clients longer timelines (Hofstadter's Law).

Closing

I have given myself 4 hours to write this entire book, and I have succeeded. By my estimates of how long it would take me to write this book, I didn't think it possible; but by invoking the very strategies that I cover in here, I have done what I thought to be impossible. It is difficult to fight an enemy when you don't know what he looks like. It is difficult to win at the game of life when you don't know the rules you are confined by. It is difficult and frustrating to wake up daily, and not understand the demons which encircle your life. It is my hope that this book has brought a glimpse of the laws which surround your daily life, and I hope I have provided some practical examples in how you can use your understanding of these laws to enhance your life. Be not, prey to Parkinson's Law, keep your eyes sharp, and your ears pointed forward, and understand that: your life, your happiness, your bride, your groom, your retirement, your future, and everything that is around you, is nothing more than governance and adherence to these laws. When you understand them and can spot them, you are then in the game with both eyes open and a steady stance. When you can structure and plan your life as so to keep these laws at bay, then and only then will your life be fruitful.

It is my greatest hope that not only have you enjoyed this book, but have found it useful to all aspects of your life.

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Thank you.