

Ep #125: The Compound Effect



Full Episode Transcript

With Your Host

Amanda Karlstad

Ep #125: The Compound Effect

You are listening to *The Life Coach Business Podcast* with Amanda Karlstad episode number 125.

Welcome to *The Life Coach Business Podcast*, a show for coaches who are ready to up-level their business and take their impact, leadership, and results to a whole new level. If you're ready to start taking powerful action and become the leader your business needs in order to grow and thrive, this show is for you. I'm your host, Amanda Karlstad, certified life and business coach, and entrepreneurial leadership expert. Now, let's get down to business.

Hello and welcome everyone. Glad to have you here today. I hope wherever you're tuning in from that you are well. Today I want to talk to you about a concept that I was thinking about recently and I actually learned about a few years ago, even before I launched my own coaching practice. I actually learned about this concept, and I can remember teaching my team about it back at the time when I was serving as an executive director in higher ed.

At the time, I had a pretty large team. I had about 50 direct reports. I can remember having them in one of our meeting rooms and talking to them and teaching them about this concept today. I was thinking about it recently and thinking about just how important it is when it comes to entrepreneurship and when it comes to building and growing and scaling a business.

That concept is the compound effect. I learned this concept from Daren Hardy. He wrote a book on this concept. It's called *The Compound Effect*. It's a great book. I highly recommend it. To really just kind of give you the cliff notes version, to really just summarize what the compound effect is. What it is is essentially the concept that when you make small and smart choices consistently overtime, what ends up happening is that equals. It ends up equaling what he calls radical difference or huge results in whatever it is that you happen to be applying it to.

Ep #125: The Compound Effect

So it's really a strategy of being able to reap some really big rewards from what might seem like very small and seemingly insignificant actions. So part of what I love about this concept is so much about what I teach, about taking responsibility for your results and the importance of knowing your numbers, the importance of measurements so that you can continue to make improvements and make those smart choices. That when you do that overtime and when you do that with consistency will create huge results in whatever area of life or whatever area of business that you happen to be applying it to.

So as I've been thinking about this over the last several days, I was thinking, again, about how important this is when it comes to entrepreneurship, when you're growing and scaling your coaching practice. Because the truth is that being able to apply the principle of the compound effect so that you can make decisions, you can make educated and smart decisions that on the surface might seem insignificant to you in the moment.

What happens is that overtime as you make those decisions, what ends up is those decisions end up compounding. When they compound overtime, they're ultimately what will create the results in your business. So as I look at my own business, when I look at where my business is today and I look at the choices that I've made as I've grown and scaled my business, it has really been a product of this concept even though I wasn't always consciously thinking about this. The truth is that having applied the compound effect, making consistent and committed decision in my business overtime has been what has produced the biggest results.

So in thinking about this, I was just thinking about how powerful this has really been for me. How powerful it's really been in my business. When I look at my clients as so many of them are in the process of scaling their businesses and looking at how important the compound effect is to them. How so much of the work that we do focuses on this concept.

So whether it's deciding what their new program will look like or maybe how they're going to price it, what their strategy is around how they're going to

[The Life Coach Business Podcast](#) with Amanda Karlstad

Ep #125: The Compound Effect

market their program. It could even be down to how they want to schedule their days, their work weeks in a way that allows them to not only scale and grow a business to half million dollars or a million dollars, but also be a present parent.

So all of this in combination with all of the mindset and the inner work and the belief work that must be present in order to grow and scale effectively, all of those decisions, all of those beliefs. Those beliefs and decisions end up creating such a huge compound effect in their business and also in their life.

Here's something that I want you to really understand about the compound effect. The truth is that when you are applying this, and by the way you're always applying this in some way even though you're not consciously thinking about it on a daily basis, right.

So when you decide with intention what that compound effect is going to be, what happens is that so often, and I see this happen a lot in the coaching industry and just in online business in general with entrepreneurs because this is human nature. What happens is everybody wants to jump really quickly to the big win. Everybody wants to jump to that six figure launch. Everybody wants to jump to that 200K result or that 500K or that million dollar result. The reality is that so often we're not consciously thinking about the effect of the compound effect on a daily basis in the process.

When I look at this, the importance of the compound effect in getting to that result, in building a business that is truly sustainable and that is successful over the long term. This is what it really comes down to is applying and consciously, deliberately applying the compound effect in the business.

So this is why this is such a huge focus with my clients as I'm helping them take their businesses to the next level, and it's why it's what I talk about all of the time, why we want to create an ecosystem. A sustainable ecosystem in the business that's truly intentional, that truly allows them to grow and scale in a sustainable way and not in a frantic way.

Ep #125: The Compound Effect

It's really approaching the business in a way that's intentional and purposeful and creates a real foundation that builds and compounds over time. What happens is that when we do this, it allows us to set their business up for success both in the short term but also in the long term.

Here's what I've got to tell you all about this. A lot of times this isn't the bright, shiny, fun work. A lot of times this is instead of what it means to show up on a Tuesday and get to work, whether that's on creating assets that are needed to promote an upcoming launch or maybe putting a new funnel together that's going to serve their clients or their business over the next year or more. It could be a new skill that you really don't feel like learning. It could be a new software, a new system. It could be even things like paid ads for example.

Because running a business, especially when you're a solopreneur, it requires you to really be in charge of everything, right? So a lot of times these things can feel so tedious, and they feel not fun. They're definitely not like the glamorous posts that you might be seeing on social media.

The truth is that they're also what creates the most powerful compound effect in the business. They're the things that aren't going to get the likes. They're not gonna get comments. They're not gonna get the shares, and especially not in the moment when you're creating them. They're probably not gonna feel fun in the moment because they're going to require a new level of you. They're going to require that you grow, that you expand, that you learn new skills that you might not currently have.

I want to remind you all because of our brains, one of its jobs is to conserve energy, what happens is when you are in the process of learning and implementing new things in your business, especially when it's something new, your brain will resist. I see this happen so often. It'll start to offer thoughts like this isn't fun or this won't work, or this is too hard. Whatever version that might be.

What happens is then it's very common to go back to what feels comfortable, to go back to what feels safe, to go back to that which doesn't

Ep #125: The Compound Effect

challenge you. My friends, the compound effect, I want you to understand that it works in that way too. So whatever it is that you're focusing on, whatever it is that you're putting your energy into, whatever it is that you're allowing your mind to think whether it serves your business and your clients or not is what you will experience, and that will happen in the form of your results.

So I want to offer to all of you here that I know all of you want the big win. I know all of you listening want to be an example of what is possible. I know all of you want to be able to make a huge impact with your work and help so many clients, and I know you're all doing such purposeful work. I want to recognize that, and I want to commend you on that. I know you want to make a lot of money. You want to have a lot of freedom. You want to have flexibility in your life and be a present parent as you do this.

What I will say is that all of this is possible for you. It's 100% available to every single one of you. But it's so important that you also understand that all of that, the big win, the being an example of what is possible, being able to make a huge impact. Helping your clients transform, making a ton of money, having that freedom and flexibility in your life, creating your dream life and your dream business, all of that are the byproducts.

All of that comes from the small incremental decisions that you make on a daily basis. Those small incremental decisions that you make to show up in service to your clients. Those small, incremental decisions you make to learn what you need to learn so that you can actually take your business to the next level. Those small incremental decisions you make so that you don't allow yourself to get distracted.

The small incremental decisions you make to not allow your belief and your goals in whatever it is that you most want and most want to create. That you make a decision, and you hold that belief, and you build that belief, and you find evidence of that belief in any place that you can. That you decide not to abdicate your responsibility for results to anyone else or to anything outside of you. That you take full ownership, full responsibility and understand that you get to create the results you have every single day.

[The Life Coach Business Podcast](#) with Amanda Karlstad

Ep #125: The Compound Effect

That might mean that you don't see the big win immediately. In some cases it might, but in a lot of cases you might not. You have to remember that those big wins, those byproducts of making those small-committed decisions and following that through with your actions every single day, that big win is the byproduct of you showing up on a Tuesday like you said you would. It's the byproduct of you creating something of value that serves your clients, that serves your business growth.

Learning that new skill, implementing that new thing, stepping outside of your comfort zone, not allowing your focus to be on why things aren't working. Only looking for ways in which they are. This is about demanding a higher standard of thinking from yourself, demanding a higher standard of being and operating that's actually congruent with the level of results that you most want. This is the power of the compound effect.

When you think about this over the course of a week or over a month or over a quarter or over a year, I want you to really think about what type of difference this might make for you. Really think about that. I always like to think about this in terms of building new muscle. If you want a six pack or whatever it is that you want, maybe you want more toned arms or more toned legs, right. You have to first make a committed decision to create that result.

It's not just that first decision, it's a series of micro decisions and micro commitments and actions that are consistently done over the course of time that will ultimately create that result. So that might mean showing up and doing physical workouts that you need to do. That means showing up and doing those physical workouts consistently over time.

You don't get that six pack by showing up to the gym once. You get that six pack by consistent physical training that creates those levels of results. By eating the types of foods and giving your body the fuel and the level of nutrition that it needs consistently and over time. That's how you create new and different results. That is the compound effect in motion.

Ep #125: The Compound Effect

So I want to leave you all with this. I want to really challenge you to not underestimate the power of the small incremental wins that you might be experiencing, the small incremental decisions that you might be making, the small incremental tasks that might seem like a drag, that might seem menial or might seem like they're not producing anything, that they're leading nowhere.

Don't make those seemingly insignificant things be insignificant in your life. Understand that all of the insignificant are what add up to the significant. All right my friends. Have an amazing week. I'll talk to you all again soon. Take care and stay safe. Bye, bye.

Hey if you're ready for a real breakthrough in your business and want to grow and scale your business to at least six figures or more in annual revenue, I invite you to apply for my exclusive program The Mastermind at amandakarlstadcoaching.com/the-mastermind. I look forward to seeing you there.

Thank you for listening to this episode of *The Life Coach Business Podcast*. If you want to learn more about how to build, grow, and scale your business and accelerate your results visit amandakarlstadcoaching.com.