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RADICAL TRUTH

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RADICAL
TRANSPARENCY

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BELIEVABILITY-WEIGHTED
DECISION MAKING

The Key to Bridgewater's Success: A Real Idea Meritocracy


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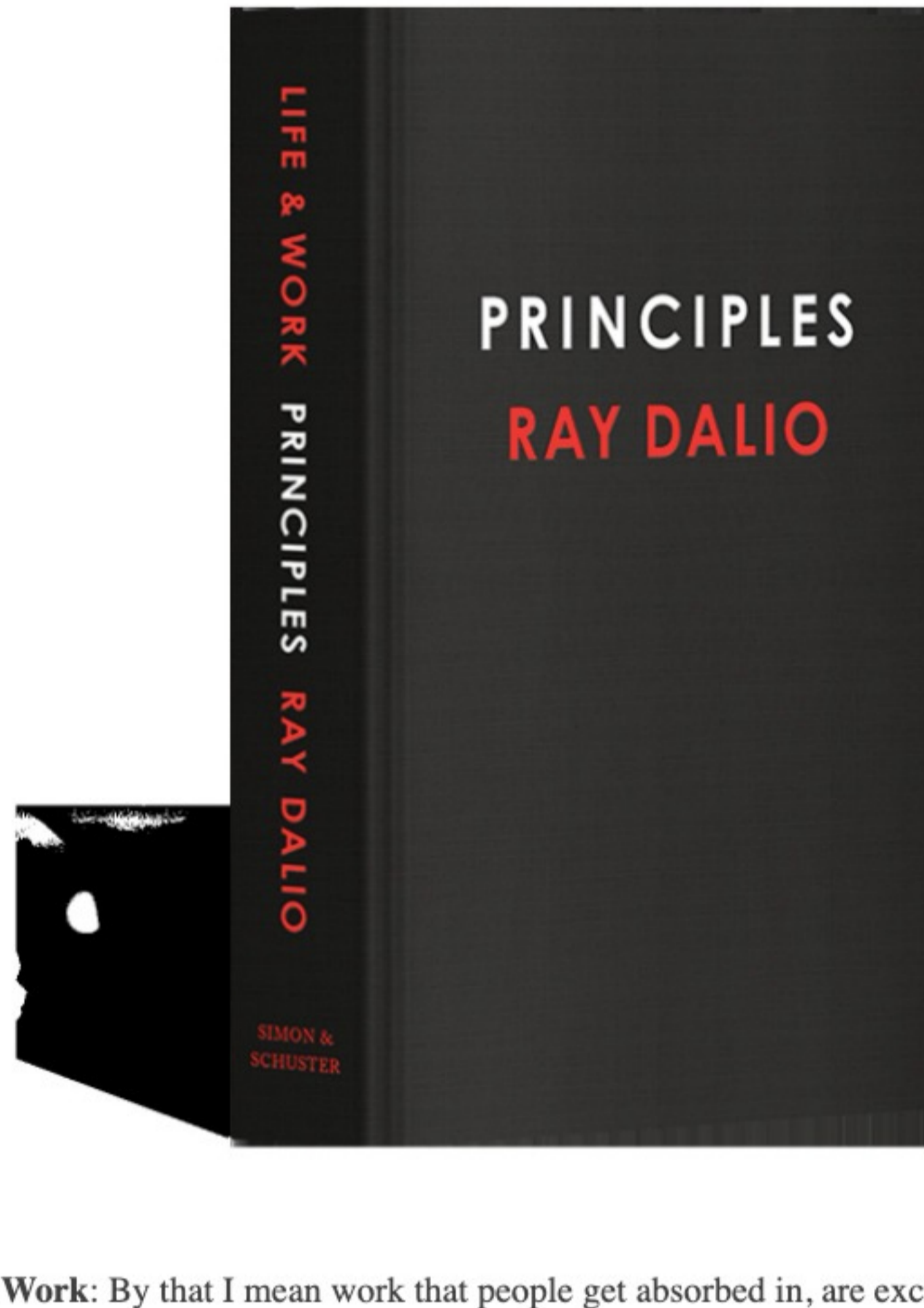
I'm often asked what the keys to Bridgewater's success have been. The answer is in the principles laid out in my new book, which I believe anyone can follow to produce exceptional success in whatever they're going after. While there are many principles for handling many different types of situations, I want to convey the most important, overarching ones here.

In one long sentence, our success occurred because we created a real **idea meritocracy** in which the goal was to have **meaningful work** and **meaningful relationships** and the way we went after them was through **radical truthfulness** and **radical transparency**. Let's look at these words individually so we are clear on what they mean.

Idea Meritocracy: An idea meritocracy is a decision-making system where the best ideas win out. While lots of people talk about having an idea meritocracy, few have developed one the way we have. To have a real idea meritocracy, people need to do three things:

- 1) Put their honest thoughts on the table for everyone to see,
- 2) Have thoughtful disagreements in which there are reasonable back-and-forths in which people evolve their thinking to come up with better decisions than they could come up with individually, and
- 3) If disagreements remain, have agreed upon protocols that get people past them in idea-meritocratic ways.

While an idea meritocracy doesn't have to operate exactly in any particular way, it does have to by and large follow those three steps.



Meaningful Work: By that I mean work that people get absorbed in, are excited about, and find that working collectively on becomes a common mission so that producing GREAT results is thrilling.

Meaningful Relationships: By that I mean the genuine caring about each other's well being that makes for a strong community.

All of this together makes for a lot of "tough love," by which I mean people holding each other to very high standards that make both the individual and the organization as excellent as they can be, while caring for each other a lot. This approach isn't unique to Bridgewater. The Navy SEALs are an example of another organization that has meaningful work and meaningful relationships, with lots of tough love to produce exceptional outcomes.

Radical Truthfulness: By that I mean not filtering one's thoughts and one's questions, especially about problems and weaknesses. It makes sense because it's only by talking about these things openly that one can come up with paths for dealing with them effectively.

Radical Transparency: By that I mean giving mostly everyone the ability to see mostly everything. To give people anything less would deny them what they need to form their own opinions about what's happening around them. It would make them vulnerable to others' spin and exclude them from the idea-meritocracy. Radical transparency reduces both harmful office politics and bad behavior because these things tend to take place behind closed doors rather than out in the open.

Some people have called this way of operating radical straightforwardness.

In pursuit of these things, we have developed protocols, technologies, and tools over the last forty years that support them. (I don't have room to explain these things here but you can find more in *Principles*.) Having them is very helpful, though not essential. After all, long before we built them, we had the desire to operate this way—and it was that desire that drove us to create them in order to build on our successes.

What It's Like

Most people initially find this process exciting and uncomfortable. While they typically appreciate it intellectually, they also typically are initially challenged by it emotionally because it requires them to separate themselves from their ego's attachment to being right and try to see what they have a hard time seeing. A small minority get it and love it from the start, a slightly larger minority can't stand it and leave the company, and the majority stick with it, get better at it with time, and eventually wouldn't want to operate any other way.

While operating this way might sound inefficient, it is actually extremely efficient. In fact, it is much less efficient to work in an organization in which most people don't know what their colleagues are really thinking. Also, when people can't be totally open, they can't be themselves. As Harvard developmental psychologist Bob Kegan, who has studied Bridgewater, likes to say, "in most companies people are doing two jobs: their actual job and the job of managing others' impressions of how they're doing their job." For us, that's terrible. We've found that bringing everything to the surface 1) removes the need to try to look good and 2) eliminates time required to guess what people are thinking. We have found that, over time, being this way created a virtuous cycle that deepened our relationships, improved our work, and made us more successful. And it's a blast.

Not only does this approach make the ups bigger and better but it also makes the downs less deep and less bad. Think about some of life's most challenging times. I bet it is as true for you as it has been for me that going through them with people you cared about, who cared about you, and who were working as hard as you were for the same mission was incredibly rewarding. As hard as they were, we look back on some of these challenging times as our finest moments. For most people, being part of a great community on a shared mission is even more rewarding than money. Numerous studies have shown that, beyond meeting basic needs, there is little to no correlation between one's happiness and the amount of money one has, yet there is a strong correlation between one's happiness and whether one is part of a community.

Of course, having an idea meritocracy in practice requires more than just radical truth and radical transparency, especially when it comes to the process of actually weighing different points of view to make decisions and moving forward as a team once a decision has been made. Many of my work principles are about how to do these things, and especially our approach to taking believability-weighted votes, in which the merits of a person's view are assessed in relation to their track record in the area being discussed. (You can get a quick preview into how this works in my recent [TED Talk](#).)

The important thing is not to worry about how to do any of these things precisely. The important thing is to ask yourself whether you want to work in an idea meritocracy or not. Which environment would you rather be in:

One where people express their views, whatever they are, openly, or one where they're hidden or suppressed?

One where you get to learn firsthand what's going on or one where you rely on the characterizations (or worse, spin) of others?

One where the best ideas win out, regardless of where they come from, or one where the "best idea" is whatever the boss decides?

If you feel the need to work in a real idea meritocracy strongly enough, you will find the way to make it happen. If you run your organization, the book provides a framework that you can modify to suit your needs. If you're working for others and have less of an opportunity to shape your organization, you can advocate for one where you are or find some form of idea meritocracy that suits you elsewhere. It's up to you to make that happen, and I hope *Principles* will help you do it.