In Defense of the Self-Help Book

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My dad is an avid collector and reader of management and success books. I have many memories of growing up listening to the fiery seminars of Tony Robbins while driving in the car. As most kids do, I tried to emulate my dad. While my friends were still watching *Power Rangers*, I was reading everything from Stephen Covey to Napoleon Hill. From *How to Win Friends and Influence People* to *The Magic of Thinking Big*.

I’ve since gone to college and become far more of a skeptic — largely thanks to the Internet and my degree in the “dismal science” of economics. But, I still have a soft spot for the infectious enthusiasm of success literature. I believe that even when success books don’t portray objective reality, these books can have a positive impact on those who are inspired by them. In fact, it may not even matter if people apply the exact principles of success books; just believing that they’ll be more successful may be enough to cause a positive change.

**As an Example**

For a recent business communications assignment, I read *Good to Great* by Jim Collins. *Good to Great* is one of the truly famous books on management and has been touted by business leaders, consultants, and entrepreneurs since it was published. This book has sold millions of copies, and has become a worldwide phenomenon. I chose this book specifically because my dad had several copies lying around and I knew I wouldn’t have to buy my own. (I’m a broke graduate student, don’t judge.)

In preparing to write the book, Collins and his team studied numerous companies in various industries to identify companies that...
transitioned from “good” companies to “great” ones. Collins defines “great” companies as ones that persistently and significantly outperformed the market and competitors in stock growth. His team compiled a list of 11 companies that exemplified the “good to great” model. The remainder of the book then explains the principles, policies, and practices which set them apart from the companies that failed to make the transition to “greatness.”

Good to Great to Ehh...

Good to Great came out in 2001, and unfortunately many of the companies on Collins’s list would no longer qualify as “great.” Just reading over the list today, you can pick out some companies that have become infamous for a variety of reasons. Fannie Mae, Circuit City, and Wells Fargo all made the “great” list. Circuit City is gone. Fannie Mae had some huge problems with the US government, — ahem 2008 global financial crisis. And, Wells Fargo has been featured in the news media’s most recent corporate scandal. Nucor and Phillip Morris could be said to have retained their “great” status. To Collins’ credit he has addressed some of these “no longer great” companies’ struggles in his recent book, How the Boise.

Mighty Fall. (I assume so at least, I only read some of the Amazon reviews.)

The Past Does Not Equal the Future

Please don’t misunderstand me; I believe the management principles outlined in Good to Great are fantastic. Jim Collins is a management guru and you would be extremely foolish to just wave off his advice because the companies on his list abandoned the principles that made them great. His book is a great guidebook for any manager or employee looking to improve their business and career.

The problem is that books like Good to Great are very effective at looking into the past and telling us what led to current success. The analysis of the principles followed, policies enacted, and decisions taken by companies is clear and most likely correct. However, after describing the past effectively, most success literature proceeds to make the implicit (or sometimes explicit) claim that these same principles will lead to success in the future. This is both a huge logical fallacy, as well as the main selling point of these books. It’s the reason why success literature is a multi-billion dollar industry.

The crazy thing is that the accuracy of success books may not even matter for people who believe that they work. Enter behavioral economics.

Loss Aversion

Behavioral economics is a beautiful field that relaxes the assumption that people are always perfectly rational. (Not a hard thing to believe!) To understand how success literature may work, let’s look at two findings from the field of behavioral economics: loss aversion and the optimism bias paradox.

Economic theory tells us that you should be willing to pay the same amount to gain 20 dollars or to keep from losing 20 dollars. Rational people should be indifferent between the two. Obviously, most people don’t feel this way. You only have to try to take something from someone to realize that people tend to spend far more energy protecting what they already have, rather than giving up something for a possible gain.

This willingness to spend more energy to protect what is already yours is what behavioral psychology calls “loss aversion.” Behavioral economists have been able to show the effects of loss aversion in both simple and complex choices. It occurs in everything from trading stocks to the housing market. Behavioral economists have even found that professional golfers are more likely to sink a shot when the difference is between a par and bogey, rather than a birdie and par even when correcting for all other factors, such as distance from the hole. Golfers view a bogey as losing points because it adds plus one to the golfer’s score while a par is just seen as maintaining the status quo.

Most people are inherently loss averse and this affects the decisions they make. However, entrepreneurs seem to be sewn from a different cloth which makes them almost impervious to the same level of fear that most individuals experience when thinking about business decisions. This bias towards optimism and lack of loss aversion may be part of the reason they are successful.

The Optimism Bias Paradox

The optimism bias paradox is an interesting idea that comes from behavioral economics and basically has three premises:

1. Optimists tend to overestimate the amount of success they’ll actually achieve.
2. Pessimists tend to accurately estimate the amount of success that they’ll achieve.

3. Optimists tend to have much more success than pessimists.

The reason behind this outcome is quite simple. Optimistic people are much more willing to take big risks than pessimists, and they don’t get beaten down when they fail. Optimists keep at it over and over again because they don’t understand or don’t respect probability. While the pessimist looks at a failure and says “yep that figures,” optimists continue onward. In an interesting twist, the mere belief that they’ll be successful causes optimists to rise above those who are more skilled or more intelligent than they are.

**Why Success Literature Matters**

I respect success literature. Any reading that can inspire people to think outside the box, innovate, and work harder will naturally increase a person’s chances of success. People don’t even need to follow the exact principles in a book. One of the reasons *Good to Great* is so successful is that it teaches that anyone can be an effective manager. It tears down the idea that great managers are born not made. It tells you that there are practical skills and principles that you can follow that will enable you to become a good manager. Even if you didn’t follow the principles, but just believed that you can be a more effective manager, you’re already more likely to succeed.

My dad is the perfect example of the optimistic entrepreneur. He has made some crazy business decisions in his life. He has lost tons of money and has had many projects completely fail. However, he has never lost faith. He has gone forward with the conviction that he had a heavenly mandate fueled by a wealth of success literature ranging from the Bible to *The Millionaire Next Door*. He never stopped believing that success was right around the corner, and judging by the quality of my little sister’s new car, it’s safe to say that he made it.

Let’s face it, skepticism is easy. The Internet can provide the cynic with an endless list of reasons for why principles don’t work, companies fail, and efforts go unrewarded. A growing set of people routinely revere the dispassionate critic while waving off the successful believer as being merely “lucky.” We need to change this trajectory.

Belief is not weakness. Following through on convictions requires strength, dedication, and courage. Belief is not ignorance. I’m not advocating for a return to the blind faith of the pre-Information Age. I no longer accept every tenet of the various success books I read, but I don’t let their faults prevent them from inspiring me to action. Don’t be afraid of the irrational inspiration. Don’t let the average pessimist dissuade you from your passions. And as Jim Collins recommends, don’t let “good become the enemy of great.”

**Notes**