

**THE
OBSTACLE
IS THE WAY**

THE ANCIENT ART OF TURNING
ADVERSITY TO ADVANTAGE

Ryan Holiday

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PART I

Perception

WHAT IS PERCEPTION? It's how we see and understand what occurs around us—and what we decide those events will mean. Our perceptions can be a source of strength or of great weakness. If we are emotional, subjective and short-sighted, we only add to our troubles. To prevent becoming overwhelmed by the world around us, we must, as the ancients practiced, learn how to limit our passions and their control over our lives. It takes skill and discipline to bat away the pests of bad perceptions, to separate reliable signals from deceptive ones, to filter out prejudice, expectation, and fear. But it's worth it, for what's left is *truth*. While others are excited or afraid, we will remain calm and imperturbable. We will see things simply and straightforwardly, as they truly are—neither good nor bad. This will be an incredible advantage for us in the fight against obstacles.



THE DISCIPLINE OF PERCEPTION

Before he was an oilman, John D. Rockefeller was a bookkeeper and aspiring investor—a small-time financier in Cleveland, Ohio. The son of an alcoholic criminal who'd abandoned his family, the young Rockefeller took his first job in 1855 at the age of sixteen (a day he celebrated as “Job Day” for the rest of his life). All was well enough at fifty cents a day.

Then the panic struck. Specifically, the Panic of 1857, a massive national financial crisis that originated in Ohio and hit Cleveland particularly hard. As businesses failed and the price of grain plummeted across the country, westward expansion quickly came to a halt. The result was a crippling depression that lasted for several years.

Rockefeller could have gotten scared. Here was the greatest market depression in history and it hit him just as he was finally getting the hang of things. He could have pulled out and run like his father. He could have quit finance altogether for a different career with less risk. But even as a young man, Rockefeller had sangfroid: unflappable coolness under pressure. He could keep his head while he was losing his shirt. Better yet, he kept his head while everyone else lost theirs.

And so instead of bemoaning this economic upheaval, Rockefeller eagerly observed the momentous events. Almost

perversely, he chose to look at it all as an opportunity to learn, a baptism in the market. He quietly saved his money and watched what others did wrong. He saw the weaknesses in the economy that many took for granted and how this left them all unprepared for change or shocks.

He internalized an important lesson that would stay with him forever: The market was inherently unpredictable and often vicious—only the rational and disciplined mind could hope to profit from it. Speculation led to disaster, he realized, and he needed to always ignore the “mad crowd” and its inclinations.

Rockefeller immediately put those insights to use. At twenty-five, a group of investors offered to invest approximately \$500,000 at his direction if he could find the right oil wells in which to deploy the money. Grateful for the opportunity, Rockefeller set out to tour the nearby oil fields. A few days later, he shocked his backers by returning to Cleveland empty-handed, not having spent or invested a dollar of the funds. The opportunity didn't feel right to him at the time, no matter how excited the rest of the market was—so he re-funded the money and stayed away from drilling.

It was this intense self-discipline and objectivity that allowed Rockefeller to seize advantage from obstacle after obstacle in his life, during the Civil War, and the panics of 1873, 1907, and 1929. As he once put it: He was inclined to see the opportunity in every disaster. To that we could add: He had the strength to resist temptation or excitement, no matter how seductive, no matter the situation.

Within twenty years of that first crisis, Rockefeller would alone control 90 percent of the oil market. His greedy competitors had perished. His nervous colleagues had sold their

shares and left the business. His weak-hearted doubters had missed out.

For the rest of his life, the greater the chaos, the calmer Rockefeller would become, particularly when others around him were either panicked or mad with greed. He would make much of his fortune during these market fluctuations—because he could see while others could not. This insight lives on today in Warren Buffet’s famous adage to “be fearful when others are greedy and greedy when others are fearful.” Rockefeller, like all great investors, could resist impulse in favor of cold, hard common sense.

One critic, in awe of Rockefeller’s empire, described the Standard Oil trust as a “mythical protean creature” capable of metamorphosing with every attempt by the competitors or the government to dismantle it. They meant it as a criticism, but it was actually a function of Rockefeller’s personality: resilient, adaptable, calm, brilliant. He could not be rattled—not by economic crisis, not by a glittery mirage of false opportunities, not by aggressive, bullying enemies, not even by federal prosecutors (for whom he was a notoriously difficult witness to cross-examine, never rising to take the bait or defend himself or get upset).

Was he born this way? No. This was learned behavior. And Rockefeller got this lesson in discipline somewhere. It began in that crisis of 1857 in what he called “the school of adversity and stress.”

“Oh, how blessed young men are who have to struggle for a foundation and beginning in life,” he once said. “I shall never cease to be grateful for the three and half years of apprenticeship and the difficulties to be overcome, all along the way.”

Of course, many people experienced the same perilous times as Rockefeller—they all attended the same school of bad times. But few reacted as he did. Not many had trained themselves to see opportunity inside this obstacle, that what befell them was not unsalvageable misfortune but the gift of education—a chance to *learn* from a rare moment in economic history.

You will come across obstacles in life—fair and unfair. And you will discover, time and time again, that what matters most is not what these obstacles are but how we see them, how we react to them, and whether we keep our composure. You will learn that this reaction determines how successful we will be in overcoming—or possibly thriving because of—them.

Where one person sees a crisis, another can see opportunity. Where one is blinded by success, another sees reality with ruthless objectivity. Where one loses control of emotions, another can remain calm. Desperation, despair, fear, powerlessness—these reactions are functions of our perceptions. You must realize: Nothing *makes* us feel this way; we *choose* to give in to such feelings. Or, like Rockefeller, choose *not* to.

And it is precisely at this divergence—between how Rockefeller perceived his environment and how the rest of the world typically does—that his nearly incomprehensible success was born. His careful, cautious self-confidence was an incredible form of power. To perceive what others see as negative, as something to be approached rationally, clearly, and, most important, as an opportunity—not as something to fear or bemoan.

Rockefeller is more than just an analogy.

THE DISCIPLINE OF PERCEPTION

We live in our own Gilded Age. In less than a decade, we've experienced two major economic bubbles, entire industries are crumbling, lives have been disrupted. What feels like unfairness abounds. Financial downturns, civil unrest, adversity. People are afraid and discouraged, angry and upset and gathered in Zuccotti Park or in communities online. As they should be, right?

Not necessarily.

Outward appearances are deceptive. What's within them, beneath them, is what matters.

We can learn to perceive things differently, to cut through the illusions that others believe or fear. We can stop seeing the "problems" in front of us as problems. We can learn to focus on what things really are.

Too often we react emotionally, get despondent, and lose our perspective. All that does is turn bad things into really bad things. Unhelpful perceptions can invade our minds—that sacred place of reason, action and will—and throw off our compass.

Our brains evolved for an environment very different from the one we currently inhabit. As a result, we carry all kinds of biological baggage. Humans are still primed to detect threats and dangers that no longer exist—think of the cold sweat when you're stressed about money, or the fight-or-flight response that kicks in when your boss yells at you. Our safety is not truly at risk here—there is little danger that we will starve or that violence will break out—though it certainly feels that way sometimes.

We have a choice about how we respond to this situation (or any situation, for that matter). We can be blindly led by these primal feelings or we can understand them and learn

to filter them. Discipline in perception lets you clearly see the advantage and the proper course of action in every situation—without the pestilence of panic or fear.

Rockefeller understood this well and threw off the fetters of bad, destructive perceptions. He honed the ability to control and channel and understand these signals. It was like a superpower; because most people can't access this part of themselves, they are slaves to impulses and instincts they have never questioned.

We can see disaster rationally. Or rather, like Rockefeller, we can see *opportunity* in every disaster, and transform that negative situation into an education, a skill set, or a fortune. Seen properly, everything that happens—be it an economic crash or a personal tragedy—is a chance to move forward. Even if it is on a bearing that we did not anticipate.

There are a few things to keep in mind when faced with a seemingly insurmountable obstacle. We must try:

- To be objective
- To control emotions and keep an even keel
- To choose to see the good in a situation
- To steady our nerves
- To ignore what disturbs or limits others
- To place things in perspective
- To revert to the present moment
- To focus on what can be controlled

This is how you see the opportunity within the obstacle. It does not happen on its own. It is a process—one that results from self-discipline and logic.

And that logic is available to you. You just need to deploy it.

RECOGNIZE YOUR POWER

Choose not to be harmed—and you won't feel harmed.
Don't feel harmed—and you haven't been.

—MARCUS AURELIUS

Rubin “Hurricane” Carter, a top contender for the mid-
dleweight title, at the height of his boxing career in the
mid-1960s, was wrongly accused of a horrific crime he did
not commit: triple homicide. He went on trial, and a biased,
bogus verdict followed: three life sentences.

It was a dizzying fall from the heights of success and fame.
Carter reported to prison in an expensive, tailored suit,
wearing a \$5,000 diamond ring and a gold watch. And so,
waiting in line to be entered into the general inmate popu-
lation, he asked to speak to someone in charge.

Looking the warden in the eye, Carter proceeded to in-
form him and the guards that he was not giving up the last
thing he controlled: himself. In his remarkable declaration,
he told them, in so many words, “I know you had nothing to
do with the injustice that brought me to this jail, so I’m will-
ing to stay here until I get out. But I will not, under any cir-
cumstances, be treated like a prisoner—because I am not
and never will be *powerless*.”

Instead of breaking down—as many would have done in such a bleak situation—Carter declined to surrender the freedoms that were innately his: his attitude, his beliefs, his choices. Whether they threw him in prison or threw him in solitary confinement for weeks on end, Carter maintained that he still had choices, choices that could not be taken from him even though his physical freedom had been.

Was he angry about what happened? Of course. He was furious. But understanding that anger was not constructive, he refused to rage. He refused to break or grovel or despair. He would not wear a uniform, eat prison food, accept visitors, attend parole hearings, or work in the commissary to reduce his sentence. And he wouldn't be touched. No one could lay a hand on him, unless they wanted a fight.

All of this had a purpose: Every second of his energy was to be spent on his legal case. Every waking minute was spent reading—law books, philosophy, history. They hadn't ruined his life—they'd just put him somewhere he didn't deserve to be and he did not intend to stay there. He would learn and read and make the most of the time he had on his hands. He would leave prison not only a free and innocent man, but a better and improved one.

It took nineteen years and two trials to overturn that verdict, but when Carter walked out of prison, he simply resumed his life. No civil suit to recover damages, Carter did not even request an apology from the court. Because to him, that would imply that they'd taken something of his that Carter felt he was owed. That had never been his view, even in the dark depths of solitary confinement. He had made his choice: This can't harm me—I might not have wanted it to happen, but I decide how it will affect me. *No one else has the right.*