How to implement your New Year's resolutions

As the end of the year approaches, it is a good time to reflect on resolutions committed to in earnest back in January and take stock before the resolution season begins again. Braam Visser offers some pointers.

Are you able to speak that new language you wanted to learn in 2019? Have you shed those pesky extra kilograms from the holiday season? Are you fitter? If you have answered "yes" to any of these questions, you deserve a serious pat on the back, as you are one of the rare people who have actually managed to achieve their goals.

Strava, the social network for athletes, analysed more than 30 million online global activities in January 2018, concluding that before the first month of the year is up, most people have reneged on their commitments.

The question is why do our noble intentions fail to materialise and what can be done to ensure better outcomes in 2020?

Change your approach

In his book *Atomic Habits*, James Clear urges us to move from a "goal-orientated" approach to a "system-orientated" approach when trying to reach our dreams. But what does this mean in practice?

Let's say you set yourself the goal of going to the gym three times a week to be in shape for that upcoming wedding you have been invited to. What if you miss a day due to high workload? Or if you miss a week due to illness? And then what if you fall behind the schedule? Do you use all your willpower to double down on your efforts or do you simply decide to forget about the challenging goal you set for yourself and console yourself that next time it will be different?

Moving towards a system-based approach would entail committing to exercising where and when you can in a manner that makes you feel good. This way you are more likely to enjoy exercise and train your brain to look forward to it. This is more sustainable in the long run and is expected to produce better long-term results.

Is goal setting pointless?

Of course, setting goals is not a waste of time; the problem lies in the fact that we don't spend enough time thinking about how to create a system to implement the goals we set for ourselves. This is one of the pitfalls of goal setting. Clear identifies some others:

1. **Winners and losers have the same goal**
   Goal setting suffers from an extreme survivorship bias. For every Springbok rugby player who tells you to follow your dreams and pursue your passion, there are thousands of rugby players who did not make it. Even though all these people started with the same intention, only a select few were able (or lucky enough) to reach the top of their profession. Therefore, having a goal does not guarantee success.

   A system would be to set out time every day to practise and hone your craft and to diligently build up your skill level to eventually become a professional player.

2. **Achieving a goal is only a momentary change**
   Let's say you want to create a budget for your finances. You spend a whole evening carefully drawing up a perfect budget. But if you don't change your spending or saving habits (i.e. your system) you won't be able to achieve your budget goals and you will be right where you started (plus one very nice budget sitting idle on your computer). A system helps you to continually reach your goal by making incremental progress and not stagnating.

3. **Goals restrict your happiness**
   Goal setting normally follows the following pattern: "If I can reach this goal by this time, then I'll be happy". If you achieve your goal you might find happiness – but what happens in the interim? What if it's a 20-year goal? Should you not be happy until then? Also, this sets you up for disappointment: If you are not on track or behind your target, will this create unhappiness?

   If you fall in love with the process, rather than the end point, you can be content that you are on course to reach your goal no matter if you just started or if you have been going for many years.

4. **Goals are at odds with the long-term process**
   Let's assume you decide to save up to buy a car. You decide on an amount to save and you staunchly put away this amount every month. After enough time has passed, you manage to buy your car and you have reached your goal. But what happens now? Most people lose focus after they have reached their goal and lose the discipline to continue to save that amount each month.

   Having a good system is less about achieving any one goal but instead about achieving different goals over time. By unwaveringly following your system every month, repeating the cycle again and again, you will develop permanent habits.

Putting a system in place

Let's look at a practical way of how you can create a financial system that can make reaching your goals easier:

Pay yourself first. This eternal piece of wisdom from the book *The Richest Man in Babylon* has managed to withstand the test of time. The author, George Clason, recommends taking 10% of your salary and paying your most important employee, you! He suggests doing this after you receive your salary every month, and before you pay any bills.

To incorporate this into a system would be to schedule a debit order to run on a monthly basis into an investment account where the money will grow. This way you can rest assured that your system is running in the background and you don't have to think about it again.

Once you have automated the savings process, you can spend the rest of your money without worrying if there will be something left at the end of the month to put away towards your goals.

To make your system more robust, you could consider instructing your investment manager to automatically increase your debit order by 5% or 10% annually. This way you can be sure that the amount you are saving is growing in line with your salary (and your goals). This removes any barriers to increasing the amount you save each year.

With all this in mind, as you stand on the cusp of making new resolutions for 2020, do so in the knowledge that systems will put you on track for a much better personal review this time next year. In the words of James Clear: "None of this is to say that goals are useless. However, I've found that goals are good for planning your progress and systems are good for actually making progress."

Commentary contributed by Braam Visser, business analyst, Allan Gray