

URL: <https://ecorner.stanford.edu/clips/leveraging-your-time/>

Emmy Sobieski, COO of Competitive Storytelling, Inc., observes that while financial leverage carries great risk, you can gain enormous benefits from personal leverage—the decisions you make about how you use your time. She offers students advice for using their time well.



Transcript

- You talk about time and financial leverage, 00:00:06,420 which I found super fascinating.. Now I'm completely obsessed with this concept.. So can you tell us more about that? - So, because I came up in finance, 00:00:15,720 we think of leverage, like you buy a house, you put 10% down, now the house goes up by 10% and you've made a hundred percent on your money 'cause you only put 10,000 into a hundred thousand-dollar house.. So then it goes up by 10% to 110,000.. Your 10 goes to 20,000.. So that's a leverage that we think about and we think about that in the stock market.. Maybe you have a margin account and you have 50%.. You put a 30% leverage in there or something like that, so you can make a lot more, the same as the house example, but with the stock, if something happens, people freak out, analysts downgrade it, then the stock goes down 50% and you lose all your money 'cause you only had 30% in, or you'll lose 90% of your money when the stock goes down 50% because you had that leverage.. So in my mind, financial leverage, and you also can have it in derivatives, options, things like that, you have embedded leverage even if you haven't borrowed to do it.. So there's all this kind of financial leverage, which means if it goes the direction that you're betting and if you understand the vehicle..

So if you understand the options, you understand the derivative, you understand how it should trade (chuckles) if you're betting.. So first of all, you need to know what your bet is and then you have to understand the vehicle and if it's gonna trade the way you think it will, when your bet is correct, then you can make a ton of money! But you can also lose it all.. So financial leverage is very, to me, is risky.. When I think about personal leverage, it is the decisions you make about how you use your time.. Where can you get an assistant? Now students at Stanford may not be able to afford an assistant right now.. How can you use ChatGPT prompts to do the work of an assistant? How can you use Google? How can you use Python to automate a whole bunch of your tasks? So every time I do something twice, I ask myself, could I spend 10 minutes and automate this and never do it again? And the thing that really struck me, where this changed in my mind, I used to think about the 80-20 rule.. 20% of my effort results in 80% of the benefits, either profits or earnings.. And then I read this book by Gary Keller called, "The ONE Thing," and he asks, "What is the one thing you could do today right now "that would make everything else "on your list unnecessary or easier?" And that is personal leverage...