

Mindless Eating & Finance

“The best diet is the one you don’t know you’re on.” – Brian Wansink

Of all the [analogies that get thrown around on a regular basis about investing and finance](#) -- sports, gambling, Seinfeld, piloting a plane, movies, etc. -- by far the most accurate for my money is dieting and weight loss.

The equations for each are fairly simple in theory:

- For your finances: Spend less than you earn, live below your means, budget, save and invest early (and regularly) and don't take on excessive levels of debt.
- For your health: Exercise regularly, don't overindulge, avoid too many sweets, eat less and track your eating habits.

However, as anyone who has ever tried to diet or get their personal finances in order can attest, knowledge alone is not enough to change behavior. If it was, we would all be rich with six-pack abs.

A perfect example of this comes from [The Little Book of Behavioral Investing](#) by James Montier. Montier penned an excellent book about how human nature and our many inherent cognitive biases often trip us up from making rational financial decisions. However, here's Montier discussing how hard it's been for him personally to get these behavioral financial insights to translate into improved health:

It is confession time. As anyone who knows me can attest, I am overweight (although I prefer to think of myself as simply too short for my weight). In fact, according to the body mass index which compares height to weight (designed by size fascists, I'm sure) I am on the borderline between overweight and obese.

I know how to correct this problem. I should simply eat less. However, I find this incredibly hard to actually do. So despite that fact I know how to change, I don't change, so my knowledge simply doesn't translate into better behavior. Rather I file the information in the category of "things I know and choose to ignore."

I think everyone has at least one thing in their life that they know and choose to ignore. Behavioral change can be massively difficult.

If knowledge alone isn't enough to change our behavior, then what's the answer?

There was a study performed in 2008 on over 200 diners at 11 different Chinese buffets all over the

U.S. that tried to get a sense of the various eaters to see if there were any patterns they could detect among people of different weights. Here was the main conclusion, courtesy of a recent profile by [Kiera Butler at Mother Jones](#):

By matching diners' body shapes to height and weight charts, the team was able to estimate their body mass indexes. They began to notice stark differences in behavior: Most of the thin diners ate with chopsticks; the heavier ones used forks. The thin diners tended to use smaller plates; the heavier diners chose larger ones. And while 71 percent of the thin people surveyed the entire buffet before helping themselves to the most appealing dishes, the heavier folks usually launched right in and took a bit of everything, Wansink wrote, "that they didn't hate." On average, the heavier diners sat 16 feet closer to the buffet than the thin ones, who also tended to choose seats facing away from the buffet. Wansink shared his findings with the owner of a chain of 63 Chinese buffets in central Pennsylvania. Soon after, the owner ditched forks for chopsticks, downsized the plates and placed them so that diners had to walk past the entire buffet before serving themselves, and put up folding screens so diners couldn't see the food from their seats. The owner's son, Wansink says, estimated savings of around \$36,000 per year per restaurant.

There could be some correlation and causation mismatches in this study of course, but my main takeaway is that it all comes down to having systems in place that guide your actions. This is true of dieting, exercise, personal finances and investing alike.

There are simply too many choices in terms of both food and finance to be able to use your willpower over and over again to make the right decision. You need rules in place to help drive that elusive behavioral change we all seek.

The creator of that study, Brian Wansink, is also the author of one of my favorite psychology books on this subject, [Mindless Eating: Why We Eat More Than We Think](#). Here are some of my favorite statistics and anecdotes from the book that show why it can be so difficult for people to eat right and stay healthy:

- On average we make more than 200 food-related decisions each day.
- It's estimated that 95% of all people who lose weight on a diet gain it back.
- On average, if you eat with one other person, you'll eat about 35% more than you would otherwise. If it's a group of 7 or more, you'll eat nearly 96% more or almost twice as much. With four people you end up eating about 75 more calories than by yourself. We tend to mimic the speed and amount that others around us eat.
- If chocolates are within eyesight and convenient to grab, people will eat nearly three times as many than if they have to get up and walk six feet to get one.

Bad habits are hard to break. Some people are simply born with better genes when it comes to health and temperament. You would think that means the rest of us have to work even harder to take control. Unfortunately, trying harder doesn't usually help in either of these realms.

Therefore, you must have to have systems, filters, plans and policies in place. You have to think ahead. In many ways you need to create real world algorithms that will tell you what to do and when to do it so you can get out of your own way.

Changing your behavior requires much more than just information.

Further Reading:

[My Favorite Non-Investing Books About Investing](#)

Now here's what else I've been reading this week:

- On the benefits of reading ([Investor Field Guide](#))
- Don't fear the reaper ([Irrelevant Investor](#))
- Stop spending money based on stories ([Behavior Gap](#))
- Americans and the placebo effect ([Reformed Broker](#))
- If making money is so easy why aren't we all rich? ([Jonathan Clements](#))
- The importance of patience ([Johnson Investment Counsel](#))
- Holiday gift guide for finance & investment professionals ([Market Folly](#))
- Tim Ferriss on 10 keys to a successful business ([Growth Lab](#))
- Reflections on Pearl Harbor ([A Teachable Moment](#))
- Sleeping and napping through bubbles ([Investing Caffeine](#))
- Changes in the investment ecosystem are coming ([Research Puzzle](#))
- Podcast: Patrick O'Shaughnessy sits down with Josh Brown ([IFG](#))