

Excerpt from *How Will You Measure Your Life?* By Clayton M. Christensen

Avoid the “Marginal Costs” Mistake

We’re taught in finance and economics that in evaluating alternative investments, we should ignore sunk and fixed costs, and instead base decisions on the marginal costs and marginal revenues that each alternative entails. We learn in our course that this doctrine biases companies to leverage what they have put in place to succeed in the past, instead of guiding them to create the capabilities they’ll need in the future. If we knew the future would be exactly the same as the past, that approach would be fine. But if the future’s different—and it almost always is—then it’s the wrong thing to do.

This theory addresses the third question I discuss with my students—how to live a life of integrity (stay out of jail). Unconsciously, we often employ the marginal cost doctrine in our personal lives when we choose between right and wrong. A voice in our head says, “Look, I know that as a general rule, most people shouldn’t do this. But in this particular extenuating circumstance, just this once, it’s OK.” The marginal cost of doing something wrong “just this once” always seems alluringly low. It suckers you in, and you don’t ever look at where that path ultimately is headed and at the full costs that the choice entails. Justification for infidelity and dishonesty in all their manifestations lies in the marginal cost economics of “just this once.”

I’d like to share a story about how I came to understand the potential damage of “just this once” in my own life. I played on the Oxford University varsity basketball team. We worked our tails off and finished the season undefeated. The guys on the team were the best friends I’ve ever had in my life. We got to the British equivalent of the NCAA tournament—and made it to the final four. It turned out the championship game was scheduled to be played on a Sunday. I had made a personal commitment to God at age 16 that I would never play ball on Sunday. So I went to the coach and explained my problem. He was incredulous. My teammates were, too, because I was the starting center. Every one of the guys on the team came to me and said, “You’ve got to play. Can’t you break the rule just this one time?”

I’m a deeply religious man, so I went away and prayed about what I should do. I got a very clear feeling that I shouldn’t break my commitment—so I didn’t play in the championship game.

In many ways that was a small decision—involving one of several thousand Sundays in my life. In theory, surely I could have crossed over the line just that one time and then not done it again. But looking back on it, resisting the temptation whose logic was “In this extenuating circumstance, just this once, it’s OK” has proven to be one of the most important decisions of my life. Why? My life has been one unending stream of extenuating circumstances. Had I crossed the line that one time, I would have done it over and over in the years that followed.

The lesson I learned from this is that it’s easier to hold to your principles 100% of the time than it is to hold to them 98% of the time. If you give in to “just this once,” based on a marginal cost analysis, as some of my former classmates have done, you’ll regret where you end up. You’ve got to define for yourself what you stand for and draw the line in a safe place.