



TAYB 001 - Becoming A Better Trader

Steve: [00:00] Hello, I'm Steve Ward and welcome to Trade At Your Best. In these podcasts, I'll be drawing on research and practice from the fields of psychology, physiology, neuroscience, and peak performance, combined with my own experience of working with thousands of traders at institutions across the globe, to provide you with knowledge, insights, and practical strategies that I hope will help you to trade at your best and achieve your trading potential.

[00:38] In this episode, we'll be thinking about trading performance and the process of becoming a better trader and I'll be sharing with you a performance improvement framework that I use with my own clients. Having worked with thousands of traders over the years, including some of the world's best and before that with elite athletes, and also with top poker players, the one thing that I've seen in common from the best performers is a desire to improve, to become better. This is what we might call a mastery mindset.

[01:09] The whole purpose of these podcasts is to help you to improve your trading decision making and your trading performance and that has to start with a mindset of wanting to improve, of being open to change and doing things differently, and to committing to it. It's also useful to understand a bit about the process of performance improvement and to have a few tools to help you to implement it. So there's no real better place to start this podcast journey than with a focus on the commitment to becoming a better trader.

[01:43] We're in the midst of a performance revolution, a visible deep interest, a fascination with improving human performance so there's never really been a better time to work on improving your own performance and work on improving yourself. The resources out there are so great now, greater than ever and that trend probably started in the seventies and eighties in sport for sure and we see now just the depth of interest in things like training techniques, nutrition, psychology, performance analysis. The same trends are visible in chess with a number of top-rank players increasing. In music with the number and the depth, the virtuosos we're seeing the same thing in the markets in trading and investing, just a much greater focus on performance, understanding the factors that affect decision-making. Research from behavioural finance, from new economics, and I think in practice the visibility of the growing use of performance coaches.

[02:43] It's actually been one of my key goals since I first I guess came into the world of trading in 2005 having transitioned from the world of sport to help clients develop a stronger performance focus, to really get curious about what drives trading performance and how to improve it. One of the key parts of that actually is shifting the obsession away from results and from P&L to actually really getting more fascinated and even probably obsessed about how can we get better. A real focus on the process of achieving trading excellence, a mastery focus, a mastery of craft, and ultimately self cliched though that may seem.

[03:24] If you're going to improve your trading performance then we have to understand what the word performance means. What is trading performance, and maybe just take a few moments to think to yourself what it is for you? This is a question I ask a lot in workshops with clients and we get a very wide range of answers. Unsurprisingly, P&L results is often the top one, but it's important for us to recognise that there is a difference for me, certainly in the performance world, between performance and results. In the world of trading, I would say that very often the two are confused and used as meaning the same thing.

[04:07] If I asked the client how was your performance in Q1, I would very typically get the answer, it's some kind of results-based or P&L based answer, but performance really is about who you are. How you do what you do and then the result is an outcome of that and that distinction's really important for a number of reasons. One is if we're looking to improve our performance we want an element of controllability and how you do what you do when you do it, the skills, the knowledge you have, the strategies you use, that's far more controllable. But of course, every outcome you get from a trade-in your P&L over time is a function of not just what you do and how you do it and even how well you do it, but also the market conditions, the environment, these external factors. So it's really important as we start to think about improving performance that we are clear that we're talking about it's you. What you do, how you do it, in fact, does that have a large element of controllability.

[05:09] So if we start to break that down a little bit, what does that mean? What could be the component parts of trading performance? I use a very simple framework, the four S's. The first one being skill and knowledge, so to be a great trader there's going to be an element of skill and knowledge required to be good at what you do. The second element, the second S, is strategy and that's obviously your trading strategies. Really it's your approach, how you deploy your skills and knowledge within the market you're trading. The third factor is state, this is our third S, that psychological state it's a physiological state. It's also your neurological state what's going on in the brain, it's mind, body, and brain. That's my domain of I guess expertise and it's definitely the focus for these podcasts and then the fourth component part is situation.

[06:00] And this could be the desk that you're on if you're working in a team. It's obviously the market environment and it could also be the institutional situation where you're trading from and when it comes to situation as opposed to skills strategy in state, we probably have less control here, but the first three skills, strategy and state, definitely are controllable, largely controllable and most importantly trainable.

[06:29] Something I want to stress here really is that skills, knowledge, and strategy are not enough for you to achieve your training potential, but it's where people tend to spend most of their time. So a lot of time is spent on developing skill or on learning knowledge and developing trading strategy. Yet when people are having challenges in trading what we often end up talking about in that decision-making process are things like mindset, emotions, urges, impulses. Could be fatigue, could be stress and these are the state factors so the mind, the brain, and the body play a huge part in your performance and your decision making, but the question is how much time do you spend working on your mind? How much time do you spend working on your body and likewise the brain?

[07:21] We know it's important, but how much time and effort do we spend actually training it? You have to work on developing and training your mind, brain, and body if you want to achieve your full trading potential. To be able to optimise your risk-taking and your decision making and to be able to navigate the highs and lows of trade in the markets is more than just skills, knowledge and strategies. You need to work on that state component too.

[07:52] So the starting point for becoming a better trader is to begin to think about what being a better trader would actually be like. Do you know what that would be for yourself? You need to think about who you need to become. Mark Douglas, I think it's in his book *Trading In the Zone*, talks about this idea of having a future trader you to grow into. When I was working in sports psychology one of the processes we would often use with athletes is to think about the goals they wanted to achieve. It might be a medal in the Olympics in four years time and also to be able to kind of picture and visualize himself in that moment, but what was really key was really starting to think about who is the you they would need to become that would allow them to achieve that goal. So the you that they are now as such and the you that you are now isn't going to be the same you that's going to achieve those goals in the future. It's going to be a different you, but who is that?

[08:51] So maybe just start to think about what you would like to achieve in your trading and you can choose the time frame. It could be a few months, it could be a few years and then you've got to start to think about who would you need to become that would make it possible to achieve that? What skills would you need? What knowledge would you need? What strategies and states would you need to have? Maybe even situations you would need to have that would allow that to happen. So maybe just taking a moment just to think about the future that you'd like to grow into and that's a really good exercise to do for yourself. Maybe even taking some time each day or each week just to put yourself into that imagined future getting a sense of who you need to grow into.

[09:37] Then you can bring your focus back into the present and really start to reflect on what's already in place. So what are you already doing or what have you already done that has got you to where you are already because you're already part of the way towards who you want to become. I think it's really important to remind yourself of the progress you've already made, of the successes you've had in getting here, of the strengths that you've developed, the knowledge and the skill that you've acquired and also again I think it's a really

important one, the challenges that you faced, but you've overcome them and maybe also even the support that you might have gained from others along that journey.

[10:23] Once you've got a sense of who it is you need to become and the you now and where you're at in the present, the next step then really is a bit about looking at what are the next small steps forward for me and I think here really there are three key sections to think about in terms of taking action. The first one being what am I already doing that's working that's helpful that I can continue to do? Secondly, are there things that would be helpful to start doing or maybe things that I could do more of? And thirdly, getting a sense of maybe are there some things that were useful for me in the past and no longer useful that I might need to stop doing or maybe I do less of. And then I think the final piece in the framework is giving some thought to the process of becoming better of growing into that future you, of becoming a better trader. What might stop you? What might get in your way?

[11:25] Just thinking about some of the obstacles or challenges you might face, but think about them now before they arise and maybe with that awareness, even starting to think about how you might deal with them if and as they arise. And this is an important step that for me is often missed out when people talk about performance improvement or even goal achievement, but it's actually what derails many people and again, maybe one other component piece actually, which ties into this is about commitment. This is about why is becoming a better trader important to you. Why is it of value? And it's about really recognising what are the actions that you can take that will help you to demonstrate that commitment. Becoming a better trader is going to take focused action, it's going to take effort and that's going to have to be applied over a period of time. The motivation is going to ebb and flow from day today. It's going to be committed action. This is what's going to get you there.

[12:30] The focus of these podcasts is to help you to improve your trading performance to become a better trader, to move closer to achieving your trading potential. Improving performance requires taking action, so I'd like to invite you to take a few moments to reflect on the contents of this podcast episode. To think about what was interesting for you, what resonated and caught your attention, and to consider how you might apply it within your own trading.

[13:06] Thank you for listening to this episode of Trade At Your Best. I hope you enjoyed it and found it useful. If you've got any questions or feedback about this episode or suggestions for future ones, then please get in touch through the podcast page, www.tradeatyourbest.com. This is also where you can find any links or resources mentioned in or related to this episode, and if you'd like to find out more about me and the work I do helping my trading, investing and banking clients to perform at their best, then please visit the Performance Edge Consulting website, www.performanceedgeconsulting.co.uk.