

12 Powers to Successful Trading

ACHIEVE THE LIFESTYLE YOU DESERVE



TABLE OF CONTENTS

01	.....Introduction
02	.....Power of Why
03	.....Power of Tradeplan
04	.....Power of Foundation
05	.....Power of Quitting
06	.....Power of Compounding
07	.....Power of Numbers
08	.....Power of Structure
09	.....Power of Dynamic Setups
10	.....Power of Surrender
11	.....Power of Mechanical Setups
12	.....Power of Lifestyle
13	.....Power of the CEO

How the 12 Powers came about and why you should care

Back in the late 90's, during the 'ramping up' of the Dot-com Boom, I had the great opportunity of backpacking through Western Europe right when the revolutionary new proliferation of internet café's began cropping up all over the place. I would land in a particular city and before even checking into my lodgings, I would be logging into my online trading account to manage my trades. I had been trading for several years with a lot of ups and downs, successes and failures. I had already lived through the best trade of my life and the worst trade of my life, though at the time I hadn't fully realized that yet nor had I even given it any thought. I have written about both trading experiences on our blog, BackpackTrader.com.

All I knew at the time was that I was loving this new found level of freedom. Being able to come and go, stay put, leave, turn left when 5 minutes earlier I had planned on turning right, etc. Nothing felt more empowering than being able to log into my account with a nice strong freshly brewed cup of coffee in some strange place I had never been to before. Best of all was the feeling I had from watching the balance of my account continue to grow with each passing day and each new exotic location.

What I did not know at the time however, apart from the freedom I was experiencing, was that during that historic time in the markets, anyone who could have fogged a mirror would have been able to grow their trading account.

That fact was lost on me at the time until a year or so later when the Dot-com Boom had become the Dot-com Bust, which I actually survived, by the way. Many did not, however. Thus the word Bust! It was clear to me that I had MUCH to learn.

Successful Trading = Absolute Freedom It would be a few years before I would discover many of the ingredients required for consistent trading success. There were a number of pivotal stepping stones, each one progressing to the next that set me on the proper path and basically changed my life.

**Success trading =
Absolute Freedom**

From over 13 years of calling a successful live traderoom, to creating a number of highly effective, top selling trading strategies, training regiments, countless winning tradeplans, webinars, live group training sessions, one on one mentoring, large in person presentations and training sessions, more trades than I could count, as well as becoming a trading coach and helping countless traders over the years, I can say that the same themes continue to emerge; themes that indicate why a trader is struggling or how and why they are succeeding.

**“All my strategies were
created with the intention
of solving these issues.”**

All my strategies were created with the intention of solving these issues, in their approach, their training, and their overall trading philosophy.

This report sums it all up, reducing all of this priceless information down to what I am calling the “12 Powers to Successful Trading.”

It's no coincidence that my latest and most effective trading strategy to date (at the time of this publication) is called the Spotlight Power Trader. The word 'Power' is to signify that these 12 Powers to Successful Trading are built right into the very DNA of the strategy itself.

The Spotlight shines a light on winning trade setups that have a very high percentage predictive outcome and that continually repeat themselves all the time on all the best trading markets and charts.

We then combine that with the 12 Powers to Successful Trading, as described in this report, the net result being, the Spotlight Power Trader.

SAGE ADVICE

As you proceed through this eBook, I want you to think about your own trading as it relates to the things you try to control while trading. The first step to turning the corner and getting on the consistent winning track is to realize that which we CAN control vs that which we CAN NOT control (The Power of Surrender). Learn to turn your attention away from what you have no control over and instead, **focus like a laser beam on what you do have control over.**

All of these 12 powers are things we have POWER over and can control as traders. By learning how to focus and control each one in a coordinated effort, we can stack the odds in our favor (power of the numbers) and be in the absolute best position for ongoing success as traders.

It is necessary though to NOT just shake your head yes because you intellectually understand the good sense that is being described, and then move on, forgetting to actually implement the power in your trading. Work these powers into your every day routine. You have to DO it!

Actions speak louder than words and to really enact change for yourself, you have to take ownership of the power and then remain vigilant and **judge yourself by the things you actually do, not what you say and think.** That will separate the winners from those who think they want it, but really don't.

It all flows down from the first power. The strategy (*Spotlight Power Trader*, but should be universally applied to all strategies) is designed to apply each of the subsequent powers to the benefit of the first and most important power, **WHY we are trading in the first place.** To make money! For that reason, our overall strategy goal is “**to be able to quit with a positive result, a vast majority of the time, while controlling our drawdowns with minimal and efficient trading as defined in our tradeplans.**” It takes all 12 powers working in concert to be able to accomplish this overriding goal on a consistent basis. The rewards though are astronomical and life changing, the theme of which is what our blog, BackpackTrader.com is all about.

Absolute Freedom!
It's WHY we trade.

The Power of WHY

This is where it all begins and is THE most important power. If you don't really know WHY you are trading, you are doomed to get results you never intended, probably leading to failure.

The markets will give you what you are asking for which will be a net result of everything that you DO or don't do as a trader. Most people do not actually know WHY they are trading. They think they do but then their own actions suggest something completely different.

The only reason to trade is 'to make money.' That's it! Until you take ownership of that reason, you will end up repeating the things that lead to losses and failure. You will get the results caused by trading for wrong reasons. Own it! Commit to your reason for trading and then DO the things that reflect that and nothing else.

If you truly understand WHY you are trading and are ready to commit to owning it, then the next logical question to ask is HOW? How do you achieve your reason for trading?

The answer is in the remaining powers beginning with the next one.



The Power of the Tradeplan

The Tradeplan PROVES you can make money. The only real way you can make money as a trader is by the proven statistical advantage, the EDGE, that your tradeplan gives you.

We can prove our tradeplans before we ever risk our capital. Successful, proven tradeplans are what achieves our WHY, because it gives us a way to grow our equity in our trading accounts. I often refer to this work as 'preproduction' and it is essential you get it right.

Making money is WHY we trade. Proven tradeplans is HOW we achieve our WHY, using the other 10 powers that follow.

In our eBook, The No Brainer Guide to Trading Success, you can learn the step by step process for establishing your HOW.

- How to Build a Strong Trader Foundation for Success
- How to get "proof of concept" before risking your capital
- Necessary steps to put you in the strongest position possible
- Backtesting and fast testing techniques
- All the 'preproduction' steps to achieve your financial goals as a trader

The Power of Foundation

One of the earliest components an aspiring successful trader should focus on building is a strong ‘trader foundation.’ As a concept, this should be pretty obvious. Try building a house for example on a flimsy foundation and you can imagine the disaster that would soon ensue.

Trading is a business and like a house, a business must also be built on a strong foundation. Trading though is very unique because there are many ‘human’ aspects involved that we have to learn how to solve, if we are to become successful traders. As you will learn throughout this eBook, humans are not wired to make good traders. **Successful trading is something that must be learned.**

Technique is the easy part of the learning process. That’s just a matter of repetition. What’s harder is learning how to master oneself. There is a process that one can and should follow which is laid out in great detail in the **No Brainer Guide to Trading Success**. This section is meant to help you understand what is required for a strong foundation that you can grow your trading business on.

In short, when I speak of ‘strong trader foundation,’ I am speaking of your belief in what you are doing. If you do not believe in what you are doing as a trader, the human elements that are destructive to trading will emerge and cause you to do everything that will lead to losses.

I often receive questions about certain tradeplans, strategies, setups, etc. that imply a lack of belief. The questions are often hidden in terms that are seeking absolute answers. Indirect questions that amount to “will this be a winning trade?” The proper answer is ‘no one knows!’ Nor should it matter. The results of the tradeplan is what makes you money, not the result of a trade. Because as traders, we have to take another trade, right? We can’t be worried about the outcome of a trade or series of trades.

We have to instead, run our trading business based on rules (Power of Mechanical Rules) and the statistical advantage our tradeplan gives us (Power of the tradeplan, Power of Numbers, Power of the CEO).

One must go through a series of steps to build the necessary belief so that you have the confidence required to ‘take the next trade,” as described in the rules of your proven tradeplan; proven being the operative word here. You can’t just talk yourself into believing. That can never work. Your human instincts are too powerful. You need to train yourself by ‘recalibrating your internals,’ so you can transform from a person trying to trade into an actual trader.

You have to have had lived through the good, the bad, the ugly, the great, over and over, and also witness the equity curve rising, despite the moments of ugly. This helps you rise above to the higher level of understanding that traders must ascend to to achieve consistent success. You will never be able to believe in what you are doing if you don’t build a strong trader foundation. And if you can’t believe in what you are doing, it will show and manifest in your actions -- actions that will not get you the desired result -- the accomplishing of your WHY for trading. The good news is that there are very tangible steps one could follow to build a strong trader foundation correctly and thoroughly.

The steps to building a strong trader foundation are beyond the scope of this ebook. You can learn all about it though in our **No Brainer Guide to Trader Success**, which explains in great detail how to build a proper trader foundation that will set you up in the best position you could ever be in for ongoing trading success.

The Power of Quitting

The Power of Quitting is one of the most elusive, hard to understand powers yet it is critical to one's success. Inexperienced traders think the more you trade, the more money you make. **The Power of Quitting says the more you KEEP, the more money you make.**

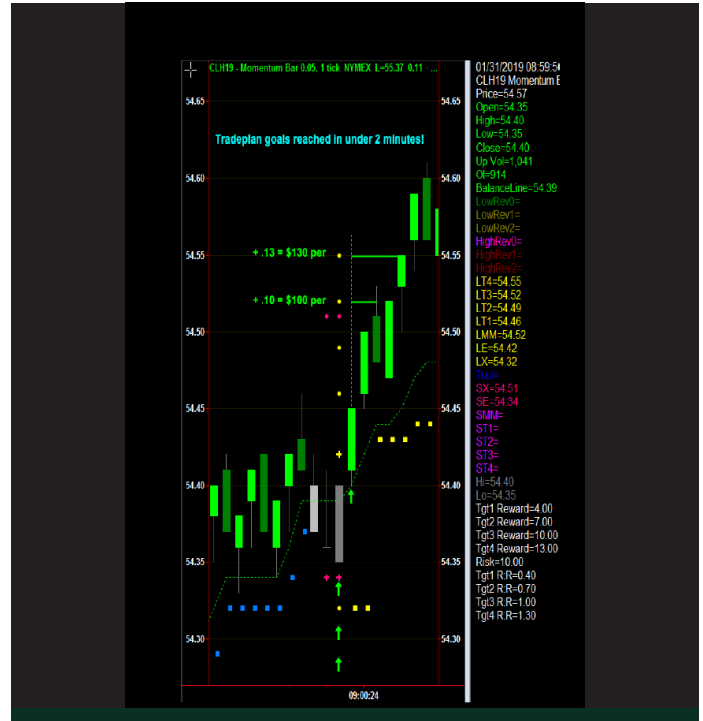
There is nothing more aggravating than banking some nice profits only to keep trading and give the money back to the markets. You would have been far better off just stopping and hanging onto your hard earned gains.

The Power of Quitting (PoQ) empowers you to do just that. **We build it into the rules of our tradeplans.** It is a 'dynamic' self adjusting goal setting strategy that allows us to mitigate our risk exposure to the market and to keep our profits in our accounts.

The best PoQ rules will "allow you to take what the market wants to give (*not what YOU want from the market*) while allowing you to quit with a positive result a majority of the time."

The great irony is that by taking what the market wants to give you, over time as you build your position size, the markets WILL give you what you want. We use the next power to achieve this as we continue to grow our accounts.

The example on the right is a classic Spotlight Power Trader trade. The green bars mean stay long. The entire trade prints right on the chart. The plan is clearly displayed in the data window on the right side. There is no guess work. We know exactly what to do from start to finish.



This recent long trade in crude oil futures was the first trade of one of our Spotlight Power Trader tradeplans. It triggered in at the yellow plus sign, the 3rd and 4th dots above being our profit objective for this trade.

The trade triggered in and hit its targets in less than 2 minutes. Imagine the very same trade once the trading account has grown to be able to support 10 contracts.

There is no need to continue trading with this tradeplan once the goals are reached, in this case, 2 minutes into our session. This trade might not look like much but it has all 12 powers built into it and it continues to win, and reach new equity highs on a consistent basis, thus, achieving our reason for trading.

The Power of Compounding

There's a reason Albert Einstein refers to the power of compounding as the 8th wonder of the world. This is truly the path to riches. We use this concept to help guide us along the path of least resistance. Realizing that wins and losses come at a random distribution, we need to control our risk in the market. The Power of Quitting, the Power of the Tradeplan, some of the other powers in this report help us do that. The Power of Compounding though is how we leverage our success into the realization of our financial goals -- and dreams, for that matter.

The way to succeed and reach our financial goals requires trading LESS, not more. We control our risk with smart money management. One should only risk about 2% of their trade capital on any given trade, and only trades within the context of their proven tradeplan. As your account grows, you can give yourself a raise by moving your finger from the one to the two. You add to your position, in other words, keeping to the 2% risk:capital ratio. The 2% can be a little more for more aggressive traders, and a little less for more conservative traders. Much depends on the effectiveness of your tradeplan, too. If you're winning at a large rate, perhaps risking a little more is appropriate. The point is, keep your risk small as a ratio to your trading capital so you can survive the random distribution of wins and losses. This is essential. The Power of Compounding works like a ramp, that inclines faster and faster as your account gets larger and larger. The rate of growth increases exponentially, in other words.

Great news! We CAN have our cake and eat it too. Trading 'less not more' is very important but you CAN trade more and still trade less. Think about it. Once you have a tradeplan that accomplishes your goals with minimal trading, you can work to duplicate that concept. You can be as active as you want to be by merely adding more tradeplans, each with its own Power of Quitting rules. Each Tradeplan has its own cadence, rhythm and equity growth ramp.



**“Trade to do the things you love in life —
Power of Quitting lets you keep your profits so you
can get away from your desk and into doing the
things you choose to do.”**

Power of the Numbers

Successful trading is purely a numbers game. It's ALL about the numbers. We can't control the random distribution of wins and losses but we CAN control what we do with that distribution. Ultimately, we have to **let the superior odds of our trading strategy and tradeplan do the heavy lifting for us**. Winning more, losing less, proper risk management and money management, along with proper and accurate execution is what it takes to succeed.

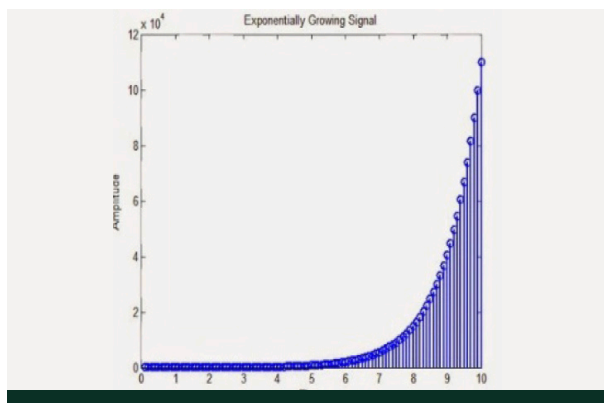
A good money making approach, using the powers in this report, should produce a '2 steps forward, 1 step back, 2 steps forward, 1 step back' journey to success, or better. **The Spotlight Power Trader for example, which is ALL about these 12 powers will often produce 3 or more steps forward with each step back**. It's all about staying focused on the big picture and executing the proven tradeplan so that the odds can work to grow your equity and get you to your financial goals. Combine that with the Power of Compounding (all the powers) and even just one trade per day can get you to your goals.

Humans make terrible trades because we live in the moment and have a hard time elevating to the necessary higher point of view required for success. We want to avoid pain. The typical 'human' thing to do when trying to trade is to wait until witnessing the 'markets trading well, and the winning trades happening.' Ironically, the 'person trying to trade' will jump in, right at the end of the 2 steps forward.

As the '1 step back' begins, all the unpleasant feelings one experiences from losses begin to mount. Then, right at the end of the 1 step back process, **the typical 'human trying to trade' will quit with their losses, right before the '2 steps forward' is about to begin, which would eliminate their losses and actually grow their equity to higher levels**. Too late!

That person has already headed for the exit, feeling beaten up and cheated, looking for the 'next great strategy' to begin the same destructive routine all over again until they have blown up their account and begun their new job working at IN and Out Burger; a noble pursuit but perhaps not their first choice in careerpaths. **They threw the baby out with the bathwater; a perfectly good and profitable trading approach, merely because they didn't understand the Power of the Numbers and the 2 steps forward, 1 step pathway to financial freedom**.

We call that 'Chasing Performance' and it's a sure path to financial ruin. Check yourself and make sure that you too, are not falling into this trap.



This is a great example of the 'ramp' of exponential equity growth. The front end of the ramp takes a good amount of time to finally gain traction and grow. It is growing but in scale to the back end of the ramp, it doesn't look like it.

As the account grows, the position size grows, the profit grows, and the velocity of growth increases, faster and faster.

Imagine this being the result of trading an effective tradeplan over a 2 year period. 80% of the profits come in the last 20% as you would approach the end of the 2 years. This is the Power of the Numbers, the Power of Compounding, the Power of the Tradeplan and the Power of Quitting, etc. We call that 'Chasing Performance' and it's a sure path to financial ruin. Check yourself and make sure that you too, are not falling into this trap.

Power of the Numbers

Here is a real world example to help you better understand how the Power of Numbers work, in concert with the other powers. This example is from a tradeplan from one of my earlier strategies, the Trend Jumper. Perhaps you've heard of it? I called the trades from this tradeplan live in our traderoom back in 2012 thru 2014, give or take. This plan still works!

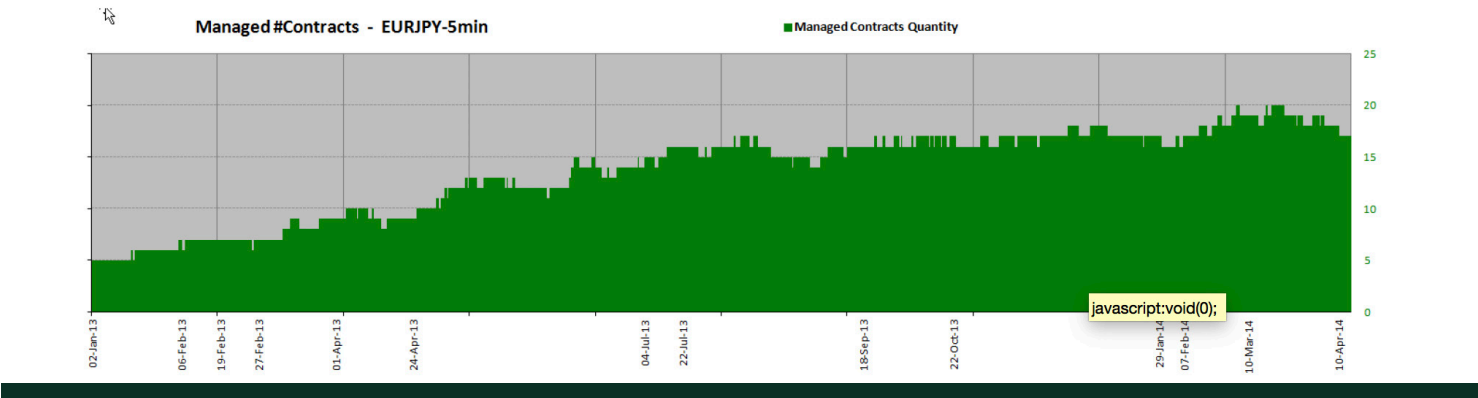
The first graphic below shows the hypothetical parameters of a trader who only has \$2000 to trade with. **Due to her small account, it was decided that the best approach would be to daytrade an effective forex plan because of the ability to employ micro lots, keeping the risk finely tuned to a safe ratio of risk to capital.**

This plan utilized a scaling in and scaling out concept and as a result, it uses a 3% net position size (3% of one's capital).

As you look at this example, notice the two columns on the right. The Column under SINGLE illustrates how a \$2000 account would have grown to over \$2500 in about 15 months. The position size remained the same throughout the 15 months. No money management was used. That's an excellent return, for sure, on a percentage basis. Remember this trader only started with a \$2000 account. A Wall Street career requires about 10% per year growth but this tradeplan's growth reflects much more than that. This is just trading 1 micro lot, 10 cents/pip, per trade, to put things in perspective.

SETUP		Instrument: EURJPY-5min		SUMMARY ANALYSIS		SINGLE	MANAGED
Start Capital \$:	\$ 2,000.00	Start Date:	02-Jan-2013	Account \$:	\$	2,519.50	\$ 6,859.50
Trade Costs \$:	(\$ -0.20)	End Date:	15-Apr-2014	# Contracts:		1	17
Risk Capital %:	0.50%			# Loss Episodes:		170	
Trade Risk \$:	(\$ -1.92)			\$ Min Loss Episode:	(\$	-47.70)	+
Contract Cap #:	200			Min Loss Episode %ofAcct\$:		(2.09%)	
Start DATA Row:	30			# DrawDown Episodes:		53	53
End DATA Row:	3,033			\$ Min DrawDown Episode:	(\$	-79.60)	(\$ -1,101.60)
Processed Rows:	3,004			Min DrawDown Episode %ofAcct\$:		(3.46%)	(17.97%)
Trades #:	2,448			% of Trades In DrawDown Episode:		89.75%	90.03%

Notice the MANAGED column. This column represents increasing the position size, keeping to the 3% risk per trade. Notice the # of contracts grew to 17; 17 micro lots or 1.7 mini lots. Notice also the account would have grown to \$6859. That's more than a 200% annualized return. That's the Power of Numbers, the Power of Compounding, The Power of Quitting, the Power of the Tradeplan, etc. That Wall Street career is starting to look more and more like a job at In and Out Burger, is it not?



Here's a look at the 'ramp' from the example above. This histogram represents the number of micro lots being added and subtracted over the same period of time, as the random distribution of wins and losses plays out by following this tradeplan. Imagine what this will look like at the end of the 2nd year! The 200% annual growth rate will exponentially grow until one's financial goals are achieved! The Power of the Numbers, Power of Compounding, etc.

The Power of Structure

What you see on your chart makes all the difference.

The power of structure is all about setting up your charts in a way that leads to flawless trade execution and understanding. Each trade one takes should be fully planned from start to finish, along with rules in how to manage the trade once it is live. We set up our strategies so that the entire trade prints right on the chart; entry, stop and targets, all clearly indicated. No guesswork.

We've all heard the words of wisdom, 'plan your trade, trade your plan.' This is part of tradeplanning but structure is how we see the trade presented on the chart so that we can act upon it.

Notice on this chart, we can see exactly where the entry is, the stop, the targets and even how and when we move our stop to reduce or eliminate risk as the trade progresses. There is never any guess work. We can even see the important details of the trade in the side data window.



These concepts work equally well on swing trades as well as daytrades. With this chart, you can see the trade that recently set up on the right side, above the two upward green arrows; the blue trade. You can see the structure of the trade with a clear entry, stop and targets. You can also see the entire trade's parameters showing in the data window on the right. The trade is completely planned and shown from start to finish. Once you trade like this, you'd never want to trade without it. The Power of Structure!

Notice the prior short trade. Spotlight Power Trader shows us the setup in yellow but also, the price bars are all red. That's the strategies way of 'shining the spotlight' on the high percentage setup. Red means stay short! That helps with the temptation to meddle with the trade which would be BAD. We can use this setup to trade simple in the money put options for huge percentage gains, just by 'leaning on the strategy, the tradeplan, and the structure shown on the chart.

The Power of Dynamic Setups

Markets are not static. They are ever changing, uncontrollable beasts that have a mind of their own; a collective mind of all the participants. As a result they can not be controlled. This is not a good thing or a bad thing, it just is. Because of the every changing conditions of the market, we need to be able to go with the flow. I like to say that we need to be a willing dance partner, always letting the market take the lead. Whether we like it or not, the market IS going to lead.

That's what makes this power so essential for ongoing success. The Power of Dynamic Setups means that our trade setups can adjust to market conditions.

They can tune themselves, dance with the market, to give us the best chance of succeeding with a particular trade.

The Spotlight Power Trader, along with my earlier strategies (Seven Summits Trader, Trend Jumper, Counter Punch Trader, etc) all work just as good today as they did when they first were created, because they ALL use the Power of Dynamic Setups. They all can dance with the market and present trades that are the most appropriate for that exact moment on the chart. That doesn't mean every trade will win. If we have done our homework though and the trade fits into the context of our winning tradeplan, then the odds will be stacked firmly on our side, which is all we can ever hope for as traders.

Notice in the example below how the trades shown have different sizes. Each one has been self adjusted, tuned to the conditions of the market at the moment the setup appears. We take what the market wants to give us.



This recent series of trades in the Russell eMini is an example of our "Fun with Moving Averages" approach, which is a novel way to use Moving Averages to give us high percentage winning trades. It's part of our Spotlight Power Trader "Master Suite" of high quality trade setups.

Notice how each of the three trades are different sizes, each one tuned to real time market conditions at the time of the setup. Also notice how accurate the targets are. Remember, at the time of taking profits at a target, we don't have the benefit of knowing what will happen next. The Power of Dynamic Setups is critical for an effective strategy to stand the test of time as markets are always changing.

The Power of Surrender

You ever wonder why real smart people often make terrible traders? It's all about surrender. Some people are just too smart to realize that their smarts are not helping them as traders. They can not relinquish control and they struggle trying to control that which can not be controlled. The market! For being so smart, that's not so smart, is it? **Most people are their own worst problems and their own worst impediment to success. Why?**

This power often causes one to scratch their head and say 'huh?' but it is one of the most important powers. Without this, most people find it impossible to take ownership of the rest of the powers. Start from the first power, the Power of Why.

Why are we trading? Most people think they know, but then their actions suggest otherwise. This is the root of everything that destroys a trader and the only way to solve it is through the Power of Surrender. If we can put our egos aside, we can begin to judge ourselves by our own actions. Your actions as a trader will tell you what issues you need to work on to move you closer to success. It's your number one indicator.

Humans have strong egos. **We want to control everything. We want to prove how 'smart' we are.** We may not even understand this about ourselves but it always shows in one's actions. There is no hiding from it and it is easy for anyone to see. It requires humility and the ability to have an honest heart to heart with the person in the mirror.

Commit to WHY you are trading (The Power of Why) and then set out to accomplish your WHY. It does not involve proving how smart you are, avoiding losing trades or any of the other intuitive stuff humans do. If you are doing those things it's because you are not trading to make money. You are trading for another reason that you probably don't even understand about yourself.

Those types of behaviours come from a different motivation and indicates that you have not taken ownership of the first power. Most people trying to trade don't even realize these trappings are occurring or why, or how to fix them even if by chance they are aware of them. **Failure is unavoidable until this is solved.**

**“To be a successful trader,
one needs to transform,
him/herself and actually
become a trader.”**

It all comes from the need to survive. That's why **humans typically make terrible traders.** Losing trades are painful and pain represents extinction. It causes us to do things that attempt to stop the pain. Successful trading though is counter intuitive.

To be successful as a trader, one needs to transform him/herself and actually become a trader. A person needs to go through the process of 'recalibrating their internals,' and do the things to transform into a trader. (The No Brainer Guide to Trading Success, focuses on this.) Losing trades exist inside of winning tradeplans. You can not divorce losing trades from winning trades. That's what humans try to do. It is not what successful traders do.

The Power of Surrender teaches us to relinquish what we can not control and instead, focus on what we CAN and NEED to control in order to achieve our financial goals; our reason for trading.

It's all about humility and accepting the fact that at the right edge of the chart, we can not control what the market will do next. The GOOD news is that we can control what trades we take, how we manage them, how we stack the odds in our favor, our position size, and all the other 'powers' in this report that lead us to success.

The Power of Mechanical Setups

If you think of everything you've learned so far, one permeating theme that runs through these 12 Powers is the need to remove the 'human element' from trading. Making objective decisions is ultimately what we must do to succeed. That's easier said than done without taking full ownership of the other powers but it can and must be done.

This is where the Power of the tradeplan, as well as the Power of Why, the Power of Structure and the Power of the CEO come into play. But it begins with the Power of the Tradeplan.

When we have a tradeplan with a clear set of rules, we can test it and prove that it gives us an EDGE that will make us money. Once we have tested and achieved 'measurable results,' we can use that to build our Foundation of Belief (Power of Foundation) and create a set of mechanical rules to follow. We can use that to confirm our Tradeplan. If we have rules to follow that we have built enough belief in, then all we have to do is 'lean on the strategy and rules of our proven tradeplan,' and take the next trade as the rules dictate. We can remove the human element and remain objective. It's an amazing experience when you take the pressure off of yourself as a trader and just 'lean on the system.'

Moreover, we can practice executing the plan physically, so that we learn to master our trading platform, eliminate execution errors, and perfect our ability to flawlessly place our trades. This is obviously a critical component to ongoing success as a trader. Mechanical rules will help us eliminate costly mistakes.

A simple set of rules that could and should be tested would be:

- Start time
- Strategy (setups based on a strategy's set of rules)
- Dynamic Session Goals (PoQ)
- Maximum number of trades
- End Time

These are rules that can be tested, proven and then made mechanical so that you don't have to think at the right edge of the chart, where trade decisions are made.

The next trade in the tradeplan shows up, you pull the trigger and take the trade, objectively and without 'human' intervention.

There are also subjective decisions that can and will emerge at times. Things like trade maneuvers we often refer to as 'key level adjustments,' for example. Wouldn't it be better to get long a trade a few ticks above a major resistance level than a couple ticks below? We can ask for additional price action confirmation in other words, to give us a little more proof that the price is ready to move through the barrier, or not.

We can make these decisions subjectively (I often refer to them as the 5% art to trading, type of decisions) or, we can create mechanical rules to follow that guide us through these types of decisions and actually work at reducing the 5% art to trading to just 1 or 2%. The Power of Mechanical Rules gives us something to lean on and depend on so that we can remain traders and eliminate the risk of falling into the trappings of being a human trying to trade. What trades we take, how we manage them, how we stack the odds in our favor, our position size, and all the other 'powers' in this report that lead us to success.

The Power of Lifestyle

There is only ONE reason for trading and that is to make money. Losing traders fail to recognize this critical first step. This power however, the Power of Lifestyle, reminds us why it is we want to make money in the first place. In the end, it's all about lifestyle. It's all about having the lifestyle we have always wanted -- the lifestyle we know we deserve, if only we can find a way to achieve it.

It never ceases to amaze me how complicated people make things that are really just best kept simple. There is no reason to overcomplicate one's trading yet that's what the majority of people do.

If you are strong with your reason for trading, it helps you remain on point with what is actually required to accomplish it. That's what the power of lifestyle is all about.

Our motto is the "Get in, Get out and Get done!" There is no better feeling than starting your trading session and hitting your goals with the very first trade. People often ask me what I do and when I tell them I trade in the markets, one of two things typically happens.

Either their eyes glaze over, in which case I quickly change the subject or, they say something like

"I would love to do that too, but I can't stand the idea of sitting in front of my computer all day long watching price bars go up and down."

I get a kick out of the 2nd comment because little do they know that I too, could never do that either. The thought of being glued to my computer all day long is horrifying to me. If the conversation continues, and they ask me how long I am planted in front of my monitors day to day, I merely tell them that today I hit my goals inside of 3 minutes! My biggest problem was figuring out how I wanted to use my free time for the rest of the day!

That same trade two years from now, with a position 20 times larger (power of compounding), still will only take 3 minutes! Of course not all tradeplans hit their goals within 3 minutes every day, but they often do and even if it takes longer sometimes, it's still about 'getting in, getting out, and getting done,' as efficiently and effectively as possible so we can turn our attention on the most important things in life; that which brings us enjoyment and happiness.

We don't have to work harder to make more money. We work smarter. Less is more! The Power of Lifestyle reminds us of that each and every day.



The Power of the CEO

When I am working with a trader, one of the first messages I try to convey to them is that they need to stop being ‘that person trying to trade,’ and instead, ‘be a trader.’ This is usually a head scratcher at first and it often requires a person to go through a series of steps to learn what this actually means.

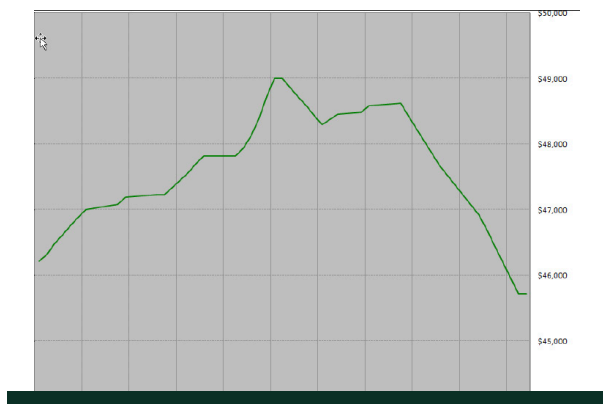
Trading is a business. Your trading should be your business. All businesses have expenses. All businesses have slow days and busy days. The local dry cleaner down the street might have had very few customers this past Tuesday. She still needs to pay her bills and in fact, she may have even lost money that day. Then Thursday and Friday, all the business comes pouring in and she is able to feed her family and support her lifestyle as a result of her business.

On Wednesday, she heard a customer arguing with her employee working the counter. She had a standard operating procedure in place and her worker new how to handle the irate customer.

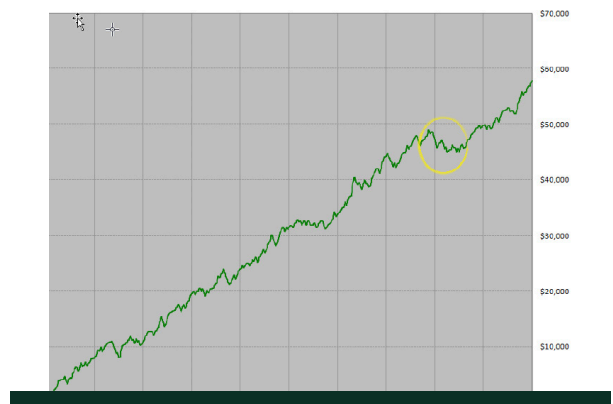
The owner didn’t intervene, didn’t fret or worry about the outcome. This was just par for the course, another transaction in a series of countless transactions, the sum of which added up to a nice profit -- her reason for being in business in the first place. Do you see my point?

Trades will win and trades will lose. Each trade is nothing more than a business transaction. Some days won’t make any money. What’s important is that the net result of your trading business does make money. From this day forward, I suggest you commit to cease being ‘that person trying to trade,’ and instead, transform yourself into the ‘CEO of your trading business.’ by doing so you will equip yourself with the proper mindset that is required to succeed.

Keeping your attention on the big picture is required for consistent success. It’s a simple concept when you are the CEO. The power of the CEO is what keeps your business running smoothly, regardless of the bumpy road that we all must travel as traders.



The equity curve represents a few bad days at the office. This was like a bad Tuesday at the local Dry Cleaner shop down the street, but it actually reflects a series of losing trades in one of our favorite daytrade plans with Crude Oil futures.



The CEO didn’t panic and close her business, only to open a dress making shop the next day. Neither did the CEO of this Crude Oil Tradeplan. Check out what happened before and after the yellow circle which represents the chart on the left. The Power of the CEO!



Thank you

WE WELCOME YOUR FEEDBACK

Feel Free to get in touch with us and to
interact with us at our blog,

BackpackTrader.com

