

Your objectives, goals and obstacles

This section shows you how you should build the foundation for your trading system. Your trading strategy is only one component of your trading system. The objective is for you to make a personal inventory of the resources which you have and of the obstacles which may prevent you from attaining your goals. Do not treat this exercise lightly. The answers you give will have a great impact on your trading strategy!

Introduction

If I offered you a partnership in a new computer distribution store, some of the first questions I hope we would ask ourselves would be:

- 1) Why are we doing this?
- 2) What goals do we have for the business?
- 3) What are our personal goals?
- 4) How will opening up a business help us achieve our personal goals?
- 5) What resources do we have to pull this off?
- 6) What could potentially stop us from being successful?
- 7) How can we eliminate or minimise any obstacles in our way?
- 8) What is our business model (trading strategy)?
- 9) When do we start?

These nine questions form part of our business plan to start a business. Trading is a business, like any other business. Unfortunately many traders start by going straight to point 8. That is, they start by implementing what they believe is a trading strategy. Often their trading strategy isn't suitable for their objectives, is poorly defined, and is unproven. That is a recipe for failure! Mostly it is a lack of resources and unforeseen obstacles which stop them from succeeding.

Your trading strategy is only one small part of your whole trading system. To trade successfully, your trading strategy needs to be consistent with your whole trading plan.

You can't succeed unless you know clearly what you are trying to achieve. Traders should ask themselves some basic questions about why they want to trade, the resources they have to support their trading, and the obstacles which may prevent them from succeeding. Doing this planning work now will dictate the pace at which you implement your trading strategy, and clearly illustrate if you have the resources to carry out the strategy. Once you have stated your goals, identified your resources and eliminated any obstacles, you are ready to start. The information gleaned from this exercise will become part of your trading strategy.

In the following pages, I want you to sit down and quietly do a personal audit of your goals and resources, and identify any obstacles to success.

Kind Regards,

Paul Wise



Goal setting

So let's start by defining your goals. Here are two examples. "I want to pay off my mortgage within the next year!" or "I want to earn enough passive income from trading markets to quit my job!"

Spend the next 5 minutes or so writing down everything that pops into your head. Do not hold back. List the first 20 things that pop into your head. At the end of each item write down the time frame in which you intend to achieve each individual goal.

	Goal	Time Frame
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		

Goal selection

From the previous page, select the ten most urgent goals and put them on your short list below. Select those goals which can be accomplished within one year and rank them in order of priority.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Examine this list carefully. Put a line through the ones you are unsure of or not totally committed to. If the list ends up with only a few goals, they are the ones that you have a level of commitment to to make them happen.

Goal statements

Now from your short list I want you to re-write each goal, giving it as much detail as possible. Make sure your stated goal is specific in its detail. It must be a positive statement and have a specific time frame attached to it.

Example:

- *I want to be the best options trader in Australia and I will achieve this in the next twelve months.*
- *I will know that I am the best options trader in Australia when I achieve 50% capital growth on my account over a year.*
- *When this goal is achieved I will hand my partner a letter and ask him or her to read aloud: "You are the best options trader in Australia! You just earned the family a 50 % capital gain in our trading account!" Followed by a hug.*
- *When I reach this goal I will withdraw 10% of my earnings and spend it on a holiday with my family.*

I want you not only to define your goal, I want you to be able to see it achieved, hear it, and taste the results of your success.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

If you want investment success, make sure your goals are related to this endeavour. Take responsibility for the outcome. You are in control. You make the decisions. Do not lose the power of choice by playing the part of the victim.

Resource inventory

Ok, now that you have defined your goals, what resources (or **lack of resources**) do you have at your disposal to achieve them?

The resources you may have include time, money, information, skills, beliefs, discipline and other things. (List everything you can think of.) List all the resources you have at your disposal to achieve the number one goal listed above.

Then try to identify what might stop you from achieving your stated goals and list those as “Resources I lack”. It could be lack of capital, or lack of a well defined trading strategy, or lack of discipline, or lack of self confidence.

Resources I have:

Resources I lack:

Overcoming your obstacles

The resources that are deficient are the ones that become obstacles to your success. I now want you to take each obstacle and think of 2 ways to eliminate it. How are you going to overcome it?

Example: Let's pretend you wrote: "I lack self discipline to trade successfully. I tend to use the market as a casino and hide my gambling tendencies by pretending to be a trader." The resource deficiency in this example is personal discipline. You could come up with an answer like: "I will never take a trade until I have completed a comprehensive study of the potential trade, based on a proven strategic approach to trading. This will include entry criteria, timing, initial stoploss, trade management stop and profit taking method, all written down before I take the trade. In addition I will get my partner to visually check the planning of the trade before I execute the order."

The answer in this example is to eliminate this obstacle (the lack of self-discipline) by building into your trading strategy a statement which controls your future behaviour. This then becomes an integral part of your trading strategy. At this point you should start to see how important this exercise is. Right now is the beginning of the development of your trading model. Your trading strategy is only one component of your whole trading plan.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.