

The Difference between your Trading Plan and the Game Plan

Facing the markets each day and capturing the profits offered by the markets, consistently, are challenges that every trader faces. All successful traders have memorable "blood, sweat, and tears" stories like trading opinions, placing stops too tight, not taking profits, or jumping in too soon, that they can share with others. However, with time, they also realize that trading is not based on market predictions or following some magical formula; it is his game plan and the discipline of following his game plan that makes him successful.

A game plan not only consists of your trading plan, but also includes doing homework and prepares you for handling the unexpected. How many of you do your homework before starting to trade every morning? If you want to be a successful trader, then your time has come to start now!

All successful businesses are well planned -- meaning that someone took their idea put it into a plan, and then executed it. If you are a trader, this means that you took your idea of trading, put it into a trading plan and then began execution. However, as with any other business, when you went live, you discovered irregular market occurrences that needed to be addressed on the live edge of the market. Your daily game plan addresses the strategies that you can use to compensate for these unexpected occurrences - based on **EXPERIENCE**.

For example, in your trading plan you outlined your goals plus your entry criteria, exit criteria, and profit taking strategies in your trading plan. However, on the live edge of the market, you found that the market did not always want to give you 4 points of profits every day (this is EXPERIENCE). Do you change your trading plan? Not necessarily. However, your game plan strategy, will allow you to adapt on the live edge of the market to achieve your goals. Therefore, although you did not address range bound markets in your trading plan, when you notice a range bound market, your game plan for today, allows you can take profits earlier.

One critical homework assignment that you need to do every day includes tracking your trading modifications on a consistent basis using a trading journal. Therefore, when you experience range bound markets, you notate these conditions on your trading journal, as well as notations on how you handled your trades. In addition, you can also notate the market high and low of the day, volume, and volatility to see if there is any significance over a period of time that you can use in your game plan. These little things are what builds your experience and results in an overall improvement in trading skill -
- which only comes with time.

For example, you may notice that during the summer, markets tend to move slower and the moves are smaller. So, although your trading plan stays the same, your game plan for the summer months could dictate that you not trade or, if trading, you will take smaller profits.

Other vital homework assignments that you could do on a consistent basis, is to look at other markets. Again, identify the highs and lows of the markets, volume, and trendiness. By doing this, you can identify other trading opportunities when your regular market is range bound.

Every morning before you trade, review your previous entries -- is there anything that could help you in your game plan for today? How has the market movement been overnight? Are there any news reports coming out that could affect your trades? If you like support and resistance, where is the market in relation to your support and resistance areas, i.e. if you like the Floor Trader's Pivots, where is price in relation to the Pivot line?

Additionally, before you go to the office in the morning, what have you done for your own personal well being -- to clear your mind?

Did you have coffee and listen to relaxing music?

Take a brisk morning walk?

Meditate?

Or did you listen to the news and fill your mind with opinions of what the market will do -- thereby impairing your trading judgment?

While all of these tips may seem small and insignificant, it is the culmination of all these little details that will give you an edge in your trading. Of course, if you have any doubt, then think about this over the next few days:

Is Ruth's Chris Steakhouse simple a success because they sell a great steak?

OR

Because they serve a
Great quality steak,
on a sizzling plate,
with delicious side dishes,
served piping hot,
by staff that know the menu,
and are prompt to cater to your needs?