

Mind Machines: Re-program for Success

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There are three critical areas that must be mastered to become a consistently profitable trader; mind, method and market. Think of three legged stool...useless without all three legs. But not all the legs are equal. If the trader's mental state is at his or her prime, money can be made with a loosely developed trading method and elementary knowledge about a particular market. But no matter how well honed the trader's methodology, no matter how deep the trader's domain expertise is in a particular market, unless the trader's behavioral responses are in their prime state, it is very difficult for him or her to make consistent profits.

After years of training floor traders to trade the firm's proprietary account, it became obvious that the trader's mental state was the "sine qua non" or essential element of trading profits. Every trader in the firm would go through the same training process whether experienced, or novice. The Magic Carpet Trading™ methodology was taught to each trader and positions and trading activity were reviewed from this trading method. Granted, each trader was in a different option pit and traded different stocks, but it became apparent that no matter what pit a trader was in, a consistent behavior determined profitability, not the particular markets. During the decade of the 1990s, our methodology ground out exceptional returns year in and year out. Yet some traders were consistent losers.

Since the firm "enjoyed" absorbing 100% all the losses of the failed traders, and only shared in the profits of the winners, it became apparent that solving this problem would add significantly to the bottom line of our trading firm. We hired a hypnotherapist to work with all of our traders.

After several training cycles three critical areas of trader's behavior emerged that had to be fixed. These were labeled *Barrier Busting*, *Mind Machines* and *Loving Life*.

The first leg of the stool is Barrier Busting.

The story that started this article is an example of an internal barrier around the issue of self worth. Through hypnotherapy, we found many other limitations shared by the traders. One trader's limit was his father's income. He was totally unaware that he felt distress when his own income exceeded his father's and he

would give back profits at that point. Another was afraid that his mother and dependent brother would come for him if they knew he was wealthy...so he kept his income below their radar screens. Many other traders felt guilty about money and wealth, especially about money that wasn't "earned" but made through trading. Of course, once each of these barriers was discovered, it was easy for the trader to dispatch them with the right tools. The possible exception to easy solutions was the guilt of wealth. We had to work harder on this one since wealth and guilt has become ingrained in our culture and a significant value taught in our educational institutions.

The most successful tool was the use guided imagery to melt internal barriers to success. *Love of success, the Wall, Future Time Line* are a few that share the same technique of discovering the barriers BEFORE they erode profits. These guided imagery tours take a trader into the future where they imagine life as successful traders. Each session gives the trader the time to attend to the details of what his or her life is like with all the barriers removed. In order for each trader to fully be in the state of success, they find all the issues that prevent them from fully appreciating their power as traders.

Each internal barrier is created by the traders as a protection. Each barrier is created with positive intent to protect its owner. Each barrier needs to be honored for its intention, and then put into perspective of what the trader wants now. For those traders who haven't experienced the power of guided imagery, this may sound incredibly hokey. But what we believe, the stories we tell ourselves, the images we carry around in our minds, and our habitual behavioral reactions drive our lives. The good news is that they can be changed.

The adventurous trader can experiment with *self guided* imagery as way to start the process of discovering internal barriers. Although we all tend to avoid the really interesting blocks we have without coaching, sometimes even self-guided imagery can be instructive. This exercise is called "Future Self."

Future Self

Background:

All of us learned how to conform to be successful in our social settings. We have learned social graces that have helped us make it in the world. These social graces guide us to success in the world, but can become barriers to successful trading, stopping us from reaching our goals.

Purpose:

Perform an internal check so we can become aware of our any barriers we may have.

Homework:

Please read these instructions until you become familiar with the exercise. Then put this paper aside, and experience your journey.

What you are going to do:

Find a comfortable quiet place. Take a few minutes to relax. Notice the noises and sounds around you. Notice your own body, feel how it is supported.

Close your eyes and take a few breaths. Notice the sounds you hear.

Next, allow yourself to take an imaginary journey. Take yourself to a place in the future where you have reached your trading goals. Spend as much time as needed noticing how your life is in as much detail as possible. Notice where you live, the car you drive. Notice who your friends are. Notice how you spend your time. Notice how much money you have in the bank. Notice all the details that are important to you. Stay with that picture for as long as you like.

Next, look back on your life and the path you took to get here. Notice what stopped you, what problems you had to solve. Notice any discomfort with your current situation. Spend as much time as needed noticing everything that required changes in your life. Notice areas that give you any distress. Honor these areas as a protection that was once needed. Make a mental note of what stood out for you.

When you are ready, bring yourself back to the current time and write down the list of barriers that you needed to overcome, concerns you have about being a successful trader, changes you need to make to get to where you want to be.

Evaluation:

Don't judge yourself negatively, but be thankful for the information you now have. It is often the case that the awareness of barriers that have been protective in the past but are no longer applicable, is enough to melt them.

First, we bust the barriers. However, this alone leaves a big vacuum. Like the new age concept of "abundance"... (just believing we are abundant leads to abundance), just believing that we are successful leads to a big scar when abundance doesn't materialize...and this creates a new barrier to further attempts at trading. Beyond melting barriers, we need to rewire our brain for trading responses.

The second leg of the stool is *Mind Machines*.

We still have the same basic brain our ancestors from 50,000 years ago carried in their slightly thicker skulls. Our fastest response still come from the Amygdala (emotional reactions), milliseconds before the neocortex (rational thought) can even kick in. Traders can create machines that monitor our responses and replace them when appropriate.

We have been trained to excel in social situations. And our success as professionals, business leaders, and in social settings depends on some basic beliefs and reactions that need to be unlearned. This lesson is the most difficult for successful people who have been rewarded big time for their current behavioral responses.

Here is a homework exercise that takes a successful response in social situations, (blaming others for our difficulties) and rewires our brain to reframe our situation. It is called "Authority."

Authority

Background:

For many of us, our family and social structure has awarded us for blaming others. We live in a culture where the whine and blame game is generally approved.

Purpose:

Become aware of how much responsibility you take for your trades.

Homework:

Please read these instructions until you become familiar with the exercise. Then put this paper aside, and experience your journey.

What you are going to do:

Go back to a time when a bad situation because your were victimized. This can be a social situation where you were wronged, or a trading situation where you lost money in a trade, and blamed your system, technology, broker etc. If you can, find a time that is still emotionally charged for you.

Now take out a piece of paper, (or open a new text document on the computer) and write a page on who was at fault, how you got screwed, why you weren't to blame. Exaggerate your victim hood. Go into as much detail as you can. Remember, its ok to let the feelings of being screwed over drive the narrative.

Take a break and come back to this exercise later.

Then, take another sheet of paper and on this one, write down the same incident. This time, take full responsibility for the same event. How you ignored some warning flags, how you took shortcuts, how you gave up trading control to someone else, how you cancelled your stop loss etc. Exaggerate the total responsibility view point. Figure out a way to take responsibility for your computer failure or the phones going down! Everything.

Leave these two pages sit overnight.

Evaluation:

The next morning re-read them both. Enter your thoughts into your journal.

The final leg of the stool is “Loving Life.”

I have never met a trader who is prepared for this final test. Like searching for the Holy Grail, the last few steps are the most challenging. They are challenging precisely because every trader who produces consistent profits never expects to be hit AFTER success.

In addition to developing a trading methodology and gaining domain experience in a particular market, a winning trader overcomes, melts or sidesteps all the barriers, scars and self-destructive behavior in order to excel. The trader re-programs his reactions, becomes aware of his emotions, and finds trading a continual learning experience. Profits are consistent and the trader discovers he or she is...well...surprise...unhappy or unfulfilled. I have seen traders overcome their trading challenges, produce profits and still find themselves in a strange world of success that their upbringing and modeling didn't accommodate. Along with the money, alcohol, divorce and other events can cause a loss of community. This final peril can grab the most successful trader.

If a professional trader wins at his work but doesn't enjoy life, often the latter can poison the former. Traders face an additional hurdle in professional satisfaction. Traders don't build buildings, invent new drugs, deliver packages or write software. Of course they contribute to liquid capital markets which reduce risk and support these productive activities, but it sometimes is a challenge to make a solid connection to these products and services which contribute to the betterment of our world. Although the contribution isn't trivial, it isn't easy to explain at a party over drinks.

Joy in life is a decision that is made on a daily basis. Money gives every trader options to have more of what drives joy for him or her. The last exercise is about

making choices to experience joy ...not exactly what is expected from an article in SFO Magazine.

Joy

Background:

Few of us as children were rewarded and loved for our joyful nature. For many of us, this joy can be reclaimed.

Purpose:

To give us the power to create the stories that are the foundation for our feelings.

Homework:

Please read these instructions until you become familiar with the exercise. Then put this paper aside, and experience your journey.

What you are going to do:

Go back to a time where you felt fully joyful. It may have been with a new love, a time with a child, satisfied feeling of accomplishment. Re-live the situation. Imagine as many details as you can. Notice the sights, sounds, smells, textures. Take as much time to stay with this picture as you can. Notice the feelings of joy that you associate with this time. Let these feelings get as big as they want to. Notice how you feel. Stay with that feeling as long as you like.

When you are ready, come back to the present.

Now we are going to do the opposite. We are going to find a time of extreme distress. A time we were mugged, extremely jealous, cheated or hurt by someone we love. Now, same thing. Imagine all the details. Notice the sights, sounds, smells, textures. Take as much time to stay with this picture as you can. Notice the feelings of joy that you associate with this time. Let these feelings get as big as they want to. As soon as you have that feeling, you may leave it.

When you are ready, come back to the present and take a big breath. Go hug someone you love.

Evaluation:

Here is the critical point: You can both create the feeling of joy and the feeling of anguish by what you are thinking about and the stories you tell yourself. It is in your control. You can decide what your feelings are by what you are thinking.

How does a trader gain personal life satisfaction? First, he or she bases their satisfaction on building skills (not making money). This works for many professionals. The satisfaction of skill building avoids connecting our life satisfaction to the equity in the trading account.

Second, create great stories to play in your mind's movies.

Finally, the core of life's satisfactions are about relationships. Successful trading doesn't produce relationships like other walks of life, so the trader has to get aggressive about creating nourishing relationships...by being nourishing to others.

Now it is time to pull up the three legged stool we mentioned at the start of the article. Go ahead, it is your stool, have a seat. Imagine sitting down hard...how are the three legs holding up? Do you have internal barriers or destructive behavior? Do you react out of habits that served you earlier in life by don't serve your trading career? How is your joy of life and the state of your relationships?

If necessary, you can pick yourself off of the floor as most of us did, and start building better legs.

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