

Taking your trading journaling to the next level of quality, usable, life-changing information

Mike Smith – Director, Horizon Professional

Keeping a journal has been suggested as beneficial by many in the world of personal development education including those in the share market world. The concept of reviewing your trading objectively through keeping a journal, not just of financial performance, but also as a record of the quality of the decisions you make is part of the Horizon Mantra ‘Have a plan, trade a plan, review a plan’.

In recent times during periods of market turbulence we have proposed that a trading diary, where you record something every day may suit the current market conditions even if that involves the decision to ‘hold current positions’. This actively encourages traders to look at what they are doing formally every trading day.

There are a couple of other issues we have recently presented to clients in terms of powerfully reviewing their trading.

Firstly, how you can formally review either trades that go very wrong (so we can learn how to use this experience should it reoccur in the future) and also trades that went very well (so we can mirror our actions to replicate the results again). Within this a suggested process through which any review could take place was developed.

Secondly, if you identify through your review process that you are not complying with your trading plan, we have developed a systemized method through which you can identify and then address any reasons for your non-compliance with your planned trading processes.

The other component of a journal, and one could argue the factor that offers the most growth is the reflective component for each trade. This is where the trader records his or her feelings about what they are doing and how they are doing it. In reality I suspect it is often missed by many but with that comes a missed opportunity to really get deeply into how you may be progressing and what you do to move forward as a trader.

Let's get real, it takes discipline to keep routinely keep a journal, this is not easy (as discipline is rarely so). Unless the trader develops a ritual of journaling it is unlikely to become a habit and therefore less difficult. It does require an investment of time (albeit a very small amount). It is the sort of process that often needs personal proof of benefit before you will be sufficiently committed to enroll in the concept and practice of journaling.

This article is primarily for those who have mastered a habit of journaling already, even if that is in a limited form, and want to develop that deeper reflection to further accelerate their growth and really develop the confidence that comes from building meaningful, sustainable trading muscle.

Hopefully, if you are not at this stage yet, it will help reinforce the necessity to do so and even create some enthusiasm for getting to the point where you have a dynamic, 'living' trading journal that really makes a difference to you.

Normally journal entries are simply a series of descriptive written lines, as with an essay. Let me be clear, this is not a bad thing, rather what is outlined below is a selection of eight different tools you can use to either add variety (and so perhaps enjoy your journaling as a process as well as seeing it as simply a necessity) or potential add value by using different techniques to address your trading from different perspectives.

There is no one right answer to this for you, rather it should be seen as a journal 'toolbox' as different approaches may help produce more quality information that you can use and of course keep things interesting for you as you develop. Making the journaling process enjoyable through offering alternative ways of looking at and recording things is likely again to increase your sustainability in using this invaluable habit.

- a. **Springboard questions.** These are ready made questions that you could rotate or use periodically that start you writing. Often they could be 'benchmarking' type questions such as
 - How do I feel about my trading now compared to 3 months ago
 - What gaps in knowledge have I at the moment that should be my next learning goals

- What lessons have I learnt about my plan/my behavior that I **MUST** avoid/mirror in the future

- b. **Trading Character Sketch** – Describe yourself as a trader (often in the third person) as if someone came to you with your trading practices. See yourself as your own coach. What advice would you give yourself to improve?, what would you congratulate?

- c. **Using illustrations** – Drawings (even doodling), mind maps of what you have learnt, or flowcharts of processes you should follow can be hugely beneficial not only in presenting the information in a different way but also adding ‘colour’ to your journal. This of course becomes more difficult if your journal is an electronic one. Problem easy solved – you could simply do the drawing, then scan it and copy it into your electronic journal.

- d. **Write lists** – Often more succinct than writing free text, a list may help you focus on the issues more exactly. Examples of this may be lists of things you have learnt/need to learn or what you need to sort out in terms of your trading environment/resources. The other advantage of using this periodically is that these lists can easily be turned into your next set of goal or action plan.

- e. **Stepping stones/progress map** – this may be useful in terms of providing motivation to continue growing and working hard on yourself to become a better trader. There is nothing so motivating as seeing continued progress. Reflecting on a longer period e.g. 4-6 months, recording the major milestones that brought you to where you are now gives you the chance to celebrate your growth. For those artistically inclined it could mimic a share price chart with text at the key points, or maybe even drawn stepping stones with text on. Dating your milestones is often good to see that your progress has been in stages. Recording things or events that hampered your progress may also be useful in explaining and clarifying why perhaps you had periods of slower growth.

- f. **Trading ‘dish of the day’** – Pick a topic and focus on that topic alone. This will facilitate a depth of information that you may otherwise not get through regular writing. If you fancy the idea of allocating one journaling day every week/month that obviously rename this tactic accordingly

- g. **Write yourself a letter.** If you were to write yourself a letter about your trading and how to take it to the next level, what would it say? It could be that you write a letter to someone that is part of your trading team (your accountant, broker, educator/coach), or your world (e.g. your partner who may not understand what you are doing and trying to achieve) in a safe way. Make sure you communicate your feelings in depth as well as the facts, and of course what you want. This does not necessarily be negative (although often may be), it could of course be a glowing report of how someone has contributed (and this includes yourself). You not only will gain clarity on what is going on in a safe way, but also will after the event be able to more easily identify your responsibility for what is happening, and perhaps enable you to discuss any issues (if it is to someone else) in a more controlled, constructive way.

- h. **Imagery** – again something to be done periodically, perhaps every few months. Write a description of the trader that you wish to become. What does that look like, what are you doing in your life and what part does trading play within that. What is trading contributing that you didn’t have previously? After a few attempts you will develop a script of questions for yourself that will guide you in the future.

As with every tool or resource you now have some choices to make. As previously stated this article is aimed at those who have already some degree of journaling habit. If this is not you that is your stage one. Keep it simple to start with and ensure constancy. Even a sentence a day is a fabulous start on which to build.

Of the eight techniques described above, some will serve you well, others may not 'fit'. The only way you are going to find out is to give each of them a try at least once (and possibly even twice). It maybe that you commit to doing some of these every quarter or six monthly as suggested previously. Others you could do on a more regular basis.

It may be you create a plan initially until a habit is formed with specific techniques used on specified dates or for those with a more spontaneous (and yet still disciplined) approach to journaling, have these as a list beside you and choice whichever fits for that day.

Remember your journal is what will continue your development as a trader, keep you strong as you build your trading muscle. Hopefully what has been described here will not only add value but also enjoyment from your journaling process.

Mike Smith

CEO Horizon Professional