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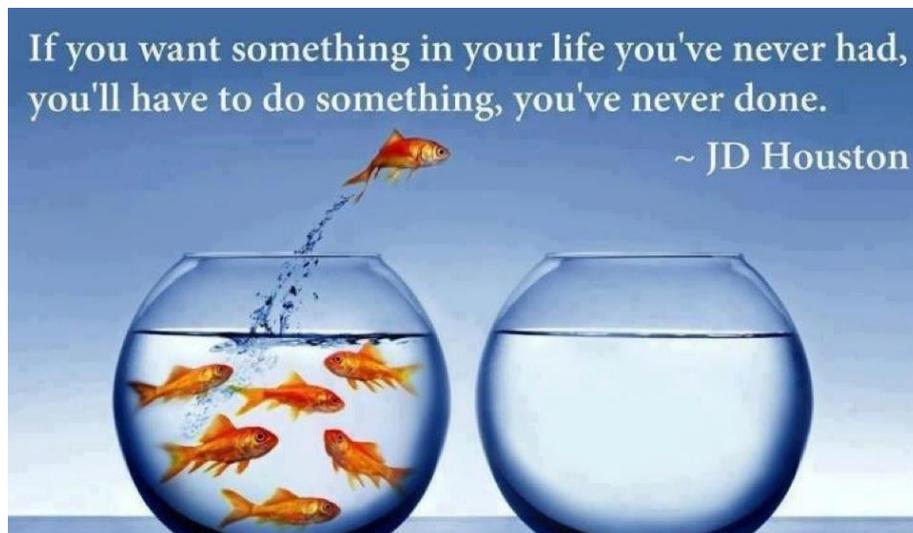


## Trading Psychology

# 5 Keys to Making Big Changes in Your Life

**By Dr. Brett Steenbarger, PhD**

The author of the [TraderFeed blog](#), and a valued contributor to this Report since we first launched our 'Investing & Online Trading Report' in 2005, we thank Dr Brett Steenbarger for the following [article](#):



People often have an interest in psychology because they wish to make changes in their lives. They see that their trading could be better; they want to make improvements in their relationships, or perhaps improve themselves in some way. The challenge is getting from here to there. How do we make meaningful changes in our lives?

Research into counselling and psychotherapy is a little-appreciated treasure trove of information on how people make life changes. What does this research tell us about ways of making significant changes in reasonable amounts of time? Here are five important principles:

**1) Focus your change efforts** - Sometimes we are frustrated with how things are going at work or at home and we want to address and change everything. That's a mistake. Setting smaller, targeted goals and creating a series of small wins is much more effective in catalyzing an ongoing change process than tackling everything in diluted fashion.

When goals are concrete and measurable, it's easier to appreciate when you're making progress and when you're not and taking appropriate corrective steps as needed.

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**2) Make your change efforts active** - Too many people approach psychological work the way they approach religious worship: once a week they devote their efforts and pretty much forget things the rest of the time. That doesn't work psychologically or spiritually. Any goal worth pursuing is worth pursuing daily, and it helps (as part of the aforementioned focus) to have daily activities that move you toward your goal.

If you want to get into shape, you work out daily and maintain a daily diet. If you want to improve your trading, you work on improvements that can be implemented each day. When the change process is active, changes are more likely to become part of you.

**3) Make your change efforts sustainable** - It's tough to sustain an active change process if that process is onerous.

The most effective changes we can make are ones that become habit patterns. Yes, we often have to motivate ourselves to get over the hump of old habits and engage in new behaviours, but eventually we want to move past motivation. We want those new behaviours to become routine. This is most likely to happen if our change efforts are sustainable: enjoyable to pursue and doable.

If our efforts at change are frustrating, we'll likely abandon them. The psychology research is clear: it is easier to initiate changes than to sustain them. Goals must be engaging and achievable. Small wins, over time, sustain the sense of being a winner--and that energizes future goals.

**4) Begin with changes you're already making** - This is the essence of the solution-focused approach, where we change by building on existing strengths and positive patterns. If you want to improve your trading, study your best trading and identify what you do when you trade well.

If you want to improve your marriage, focus on what you and your partner do when you're happiest and closest. We tend to forget that we make subtle changes in how we approach situations from day to day, week to week. Some of those changes lead to positive outcomes--or at least avoid the negative ones.

By identifying what we're already doing that is working, we create goals that not only are doable but that are truly part of us.

**5) Emphasize changes that are meaningful** - Yes, small, achievable goals work best and consistency in implementing work toward those goals is essential. Typically, however, what drives us to work on change is an inspiring vision and a sense of meaning and purpose.

If my overarching goal is to achieve a trading track record that will attract the capital of investors, that adds a measure of significance to my daily work toward goals. Keeping such overarching goals visible is important, even as we work diligently on the details of performance. That is why athletic coaches inspire as well as teach. They focus their teams on practice and drills--but they also remind them that a championship lies ahead.

No great things were ever accomplished within people's comfort zones. By definition, change means breaking from routine.

Perhaps the most important change we can make is make the challenging of our comfort zones a daily habit. There is never stasis in life or in trading. We use it or we lose it; we extend our capacities or we allow them to atrophy. At its best, change itself becomes a lifestyle.

Further Reading: [Two Proven Methods for Building Your Happiness](#)

[Dr Steenbarger](#), the author of '[The Psychology of Trading](#)', '[Enhancing Trader Performance](#)' and '[The Daily Trading Coach](#)', has an interest in performance enhancement among traders, drawing upon research from expert performers in various fields.

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