

## Trading is a serious business

Teaser line - One of the biggest mistakes amateur traders make is that they don't treat their trading like a business

I often interact with aspiring traders, and one question they always ask me is this: "How long it takes to be successful in this business?" Now that's an interesting question, mainly because the trading profession appears to be deceptively simple.

Let me explain in a bit more detail. Let's take any business and presume you want to venture into that. What all things you need to start the business and make it a successful venture? You would look at your area of competence, the product, regulatory approvals, the competitors, pricing, advertising & marketing, sales, logistics and so on & so forth. It would take many months or even years, depending on the type of business (which is called gestation period) to attain breakeven and make profit. Compare this business example with trading. What do we need to become a successful trader? Virtually nothing! Open an account with a broker and you will become a trader!! It is the simplicity of the process that makes the trading business so deceptive. A trader doesn't require any license to start trading, nor does he need to have any prior qualification, or do any kind of marketing, sales, etc. Consequently, all those who feel this process is very simple end up being disappointed because trading is easy to start, but is highly challenging to make into a full-time profession.

One of the biggest mistakes amateur traders make is: They don't treat their trading like a business. Instead, they treat it like a trip to a casino and many of them end up becoming gambling addicts instead of calm & rational traders. If you treat trading like any other business, your attitude towards it would change and the results will eventually follow. Remember, it's not a 'get rich quick' scheme! So, what are the factors you need to consider before you get into trading?

- Have a trading plan – Just like a business plan one must have a proper plan for trading. It can be a very exhaustive plan. It should outline the asset classes you wish to trade in, the strategy to employ for each of them, the capital you wish to deploy, the amount of money you wish to make - per week/per month/per year, the tools you will use, rules you will follow, etc. Everything should be clearly written in black & white.
- Undergo a professional training program – Whom are you trading with? Remember that whenever you place a trade, there is somebody on the other side, who knows far better than you do. You have to compete with them. You can't enter a battlefield without arming yourself with appropriate weapons and trading is no different. Join a professional training programme, which will equip you with these weapons and give an in-depth understanding of what it takes to make money in the markets.
- Strategy & risk management – All you need is a strategy with a proven track record, backed by solid risk management principles. The only way to excel in any profession is to learn from someone who is already doing what you intend to do. Approach someone who can teach you the key trading skills.

- Know thyself – Your nature would have a lot of impact on your trading results. If you are impulsive by nature and end up buying things that you don't need every time you go shopping, chances are very high that you would end up being impulsive in trading too; this is extremely dangerous. Similarly, if you are normally unorganized and lack discipline in other walks of life, chances are high that you will continue with that habit into your trading profession as well. These aspects seem trivial, but you may end up paying a heavy price if you don't set them right in the beginning itself.

Trading is an amazing profession with unparalleled advantages. However, you have to give yourself some time, learn the craft, be patient - only then the fruits will follow. My experience as a trader as well as an instructor tells me that whoever follows the process correctly eventually succeeds in achieving what they desire to.

In case you are looking at trading seriously, and you want to learn from the professionals, know the strategy that has consistently worked across market cycles, gain insights as to how the "big boys" trade, I would encourage you to register for one of our free Power Money Workshops in your city. It could be one of the best financial decisions you will ever take in your life!

Till then, trade well & trade safe.

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