

If Personal Growth = Investing in my Self... Another Exercise in Lateral Thinking

By Ken Long



The Power of Positive Thinking, Winning Friends and Influencing People, 12 Step Programs, Self Help seminars... The list goes on. How does the physician heal himself? How does he know if the diagnosis is right and the treatment is working? How do you validate and monitor a program of self-improvement when the very structure, of your beliefs and values and the very processes of your judgments and the actions that derive from them are themselves the subject of change?

Are you riding the tiger? Once committed to the effort can you even contemplate getting off and risk the chance of being clawed to death or do you have to ride it out to the end? If you commit to following a guru, how do you then judge his effectiveness? Can you even commit to a guru or a new paradigm and yet retain the capability for critical judgment based in your previous paradigm? What is the reason for supposing the old paradigm isn't working for you? What is the source of the irritation for seeking a change? Where's the pain?

These are not easy questions, or perhaps they ARE easy, to ask that is. Its always the answers that are hard to come by, and live by. Here is an exercise in lateral thinking that I have found useful as I wrestle with the conundrum of monitoring my change while changing myself. No easy answers but it sure provokes some thoughtful introspection and helps me frame the situation.

Consider your personal growth to be a portfolio of growth stocks and ask yourself the same kinds of questions you would ask as a prudent investor, and consider the implications. Here's a starter list I use that relies heavily on many of Van's training points:

1. Am I cutting my loser's short and letting my winners run? This is the Golden Rule of Trading applied to personal growth. Am I willing to admit my mistakes early (or early enough!) Do I capitalize on winning positions and let them develop into their full potential? What's the expectancy of my system for personal growth? Do I have a low risk idea? Or, because of a need to be right, do I hang onto my poor behaviors and attitudes and cash in my winners early?

2. Have I chosen my market well? Am I looking for growth in an area of myself where I have a reasonable expectation for reward? What is the basis for believing that? What are my criteria for judging reasonableness in this context? Am I chasing the latest fad for self improvement or does it flow out of an understanding of who I am and what I value and where I want to be and do in life.

3. Do I have an edge? Why do I think I can make this change? Am I building on a foundation of positive changes? Is this a change I think I can manage? How much is required of me? How do I validate this imagined edge? Can I test it or simulate it? Can I take a small initial position with "real money" and see how I do in the arena?

4. Do I have an exit strategy? Do I know before I embark on the project what failure for that idea looks like? Do I know what triggers my exit from this strategy for self-improvement? Do I have a way to protect myself against the catastrophic losses, and do I have a way to ensure I lock in the gains of a strong move in my favor? What's the downside on this effort if everything goes south from my entry? Am I taking a businessman's risk or am I speculating?

5. Do I have stop losses set from the moment of entry to protect myself against catastrophic loss? What is my method for implementing this?? Do I have the equivalent of a contingency sell order at my broker in case communication is lost? Maybe its my significant other who has instructions on how to reel me in if I go off the deep end. My wife and children, my highest values, are extraordinarily adept at this. They all have instructions on how to recover Dad, and I make sure they know where I propose to go and why, well before I take off. I dislike testing the depth of the water with both feet. I remember the golden rule of mountain climbing which is to never relinquish a hold until you have another one, tested, in place. There are old and there are bold mountain climbers, but no old,bold mountain climbers. I remember that climbing the mountain is the goal.

6. Am I managing risk through position sizing? As I seek personal growth, do I balance my risk and reward consistently from position to position? Do I know what my "total portfolio heat" is? I want to make sure that after a series of successes that I don't go overboard on the next effort and accept higher risk through being flushed with enthusiasm from a winning streak. I like to keep my risk consistently calibrated.

7. Am I diversified enough? Am I focused enough? I know that I want diversity enough to ensure that I am growing in all my dimensions, and yet I want to be able to focus when my efforts are on to something that's really working. How do I balance both of these important dynamics so that I get the best return on my capital investment? Do I have a way to address my needs for stability and security with my needs for personal growth? How do I take care of both of these human needs?

8. Am I looking for breakouts or incremental improvements? Am I taking advantage of what the market is willing to give me? How do I know what the market (my Self) is prepared to give me? Am I prepared to listen and learn to what can be done? Or have I established my limits without regard to an objective assessment of market conditions? Can a caterpillar incrementally become a butterfly? How much outside influence do I use while retaining personal responsibility for my results? Staying inside my own head all the time risks stagnation and bias, yet surrendering all judgment risks chasing my own tail and giving up responsibility.

9. Do I benchmark my performance objectively, and consistently? What performance measures do I use to concretely measure my before and after performance? How do I measure my return on invested capital after taxes? The quality of my relationships? My health and stress levels? The informed opinions of friends and family? Personal satisfaction? Do I declare success beforehand in order to protect my ego or am I being honest with myself, good and bad? Do I learn from the losing trades (in which case they aren't losing trades!)

10. What do my fundamentals and technicals look like? How would I assess my internal mental, physical and spiritual health on an ongoing basis? How can I use those assessments to calibrate my performance or state of being? Is the bear gaining on me on a year over year basis? Am I getting closer to the mountain top? Am I currently in an uptrend? Am I consolidating the gains of periods of dramatic growth without giving back too much as I reintegrate who I am?

11. What are my goals and objectives for my system for personal growth? Van teaches that is the most important part of any trading system and I agree! Shouldn't this be the start point of any personal growth journey? Does it make sense to depart on a trip without a clear understanding of the destination? This doesn't mean that we have to have perfect knowledge or refuse to learn as we go. There will be plenty of opportunities to learn as we go and grow, but I submit that I am not ready to get started until I at least have my mission statement and criteria for success in hand as a road map. I know what I am aiming for. I know I am going to evolve as I go, and I trust in who I am and in my friends and family and coaches to give me the feedback I need to help me find my way. I know that I can adjust and calibrate and grow based on who I become.

I distilled my personal growth objectives into the following, which hangs in my office: "I want the maximum sustainable rate of personal growth consistent with my core values and beliefs" and I benchmark to see how the portfolio is doing on a regular basis with my independent auditors (wife and kids again!)

My wife has taught me to be willing to ask for directions, so I have at least learned that much. Its a start.