

Joe Guy's Sports Betting How-To # 1

by Terry Smith

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The first thing you have to know is that sports betting is a conflict, a war if you would, between you and your bookie - a person who does not have your best interests in mind.

Your bookie is trying to lure you into making a wager, and assuming a risk, for which you will be inadequately compensated. Such a wager is called an “underlay”.

If he offers too high a return he will have to pay off too much and lose money. If he offers too low a return, he will get no bets and again lose money. His is the art of making the odds just right, high enough to draw you in, but low enough to cause you to lose money over the long run.

Because of this, almost all the book's games will be underlays. You have one advantage and one advantage only over the book. He has to take your bet. What you have to do is spot what's called an “overlay”, that is, a game where he has set the odds (or the line rather as the odds are fixed 11/10 in football) so that you are adequately compensated for assuming the risk that the team you select won't cover the spread.

The spread is a handicap given one team, the one perceived to be the weaker team in the contest.

Once upon a time, bookies offered only odds on football games and had a hard time getting bets on certain lop-sided games if it was apparent to all that one team was going to smash the other. Even if they offered 100-1 it was a wasted bet to bet on the weaker team. In order to get any action at all they had to offer odds that would ruin them if there was an upset (and upsets happen!)

But suppose the weaker team started the game with the score 7-0 in their favour? Could the stronger team still win? Ok, they're better, but are they more than 7 points better? Suppose they are. Are they 10 points better, 14 points better?

All of a sudden this walk-over game turns into a sporting proposition! Sooner or later there has to be a barrier the better team can't overcome. Wherever it is is a wagering proposition! All of a sudden ANY game could be safely bet on by both the bookie and the bettor!

Sometimes the stronger team won by exactly the amount of the spread. This is called a 'push' as the bookie has to push the bet back at the bettor across the counter. No one wants that. So some spreads have a fractional component, 14.5, for example. This makes a push impossible.¹

¹ Sometimes the half point makes the wager WAY different then it was before. More on this in another Joe Guy's Sports Betting How-To.

That was what the line (or the 'spread') was supposed to do. It was supposed to even up the game.

But that's not what it actually does in reality. This is important to know. What the spread REALLY does is make half the wagered money back one team and half back the other. It 'spreads' the money around. This way the bookie almost always makes a 10% profit on each game. Half the bettors bet \$11 on home and half bet \$11 on away. The bookie pays the winning half their \$10 and keeps the losers \$11. He makes a dollar profit. He does this many thousands of times per game, which is why he has a really nice car.

It also means sometimes he has to offer a spread he knows is an overlay but must offer to get lots of public money on each side of the spread. This is good for us, IF we can take advantage of it!

So the spread is NOT a game evener, it's a in-the-eyes-of-the-PUBLIC game evener. These are two different things!

The public is actually very good at handicapping sporting events. It has been well documented that at the race track the 5-1 horses come in about one time in 6 and the 10-1 about one time in 11 and so on. A lot of football games are decided by the half point in lots of spreads.

But sometimes the public is wrong. And sometimes they are stupid.

Back when Ditka's Bears were tearing up the league the city of Chicago was so in love with them that Chicago books had to offer insane lines just to get any action at all on the other team.

As a result, the Bears basically never covered for the home books! This was FREE MONEY! Yet the bettors of Chicago STILL wouldn't bet against them! They chose to be stupid! This is why average bettors are called 'squares'. More on that in another Joe Guy's Sports Betting How-To.

A group of jet-setting salesmen formed a syndicate to exploit this very phenomena. They had a weekly conference call and their members all over the USA would compare lines offered by the bookies local to the city that they just so happened to be in that week.

By exploiting biases like the Bears, they made millions!

Today, it is like this for the New England Patriots. Nobody likes new England but everybody thinks they are invincible so the books have to make the lines too high on them.

Though they had a perfect season (and I called that in week 3) and are awesome, they haven't covered for the last 4 games! ²

² I don't think we appreciate HOW awesome the New England Patriots are yet – for example, my software says they should have won last year, too! Even after I put in the results of the January 21 2007 Indy-NE game where Indy won 38-34 and

This mistake is called “Falling In Love with a Team”. NEVER DO THAT. Especially these days where all the books are computerized on the net – once the computer twigs to the fact that you love some team they will move the line a few points, just for you, in the direction that makes it more difficult for them to cover, banking on your betting on it anyways.

One of the advantages to using software like I do is that it never falls in love with anything. It'll bet for a team and against it again the next week no problem.

Now for an explanation as to why it is imperative to only bet 4 percent of your bankroll on any individual game.

Lets assume you are only going to bet 50 games out of the 256 or so offered by the NFL each year, which is about the amount covered by my Top Ten bets (Bets where I'm over 75% confident. I'm 32-21 with those, by the way. Joe Guy's profit is +8.9)

Let's also assume you will decide the game not by being wise and joining Joe Guy's Sports Betting Web Site but by tossing a coin. That's right, tossing a coin. Heads, home, tails, away.

The interesting thing about that is that you can never go below a 50 percent chance of hitting the game no matter HOW tight the line is. Imagine, committees of hardened bookies, decades of experience, sweating every point, beaten by a tossed coin!³

So, you can assume the entire season can be represented by 50 coin tosses.

If you toss a coin 50 times over and over again and count the heads that come up, you will soon see them start to cluster around 25 heads. Not too often exactly that, but mostly close.

This is called a Binomial Distribution. Remember all that math in school you couldn't find a use for? Well, here's a good use for it! To keep us from going broke!

If you don't know statistics you are going to have to take my word for some of this stuff, otherwise you can follow along.

eliminated New England and went on to get Payton Manning his first Super Bowl, the software STILL said they were the best team!

I think they will be remembered as a team for the ages, like Lombardi's Packers. And as with Lombardi, we won't know what we've got until it's gone.

I'm writing this on Thursday January 17 2008, before the conference championship against the San Diego Chargers, where they are -14.5. I (and Joe Guy) think they will win, but, surprise, not cover.

Oh – for the playoffs so far I'm 11-3. My Top Ten bets (predicted prob of covering of 75 % of more – 5-0) There's nothing like good teams, highly motivated!

3 Though not quite beaten. In order to break even against 11/10 odds you have to win 11/21 or 52.38 percent of the games. When I say 'beaten' I refer to the fact that the average bettor only wins 48 percent of his games, even though you can beat that by tossing a coin!

The mean, or average result of tossing a coin 50 times over and over again is 25 heads and 25 tails. The standard deviation is the probability of a head times the probability of a tail times the number of tosses, all taken to the square root.

That's .5 times .5 times 50 for 12.5 and the square root of that is 3.54.

99.7 percent of all results will be within three standard deviations plus or minus from the mean. So that's $25 - 11$ (rounding up 3 times 3.54 which is 10.606) = 14 and $25 + 11 = 36$.

SO – if you toss a coin 50 times over and over and count the heads that come up, you will get between 14 and 36 heads 99.7 percent of the time.

What does this all mean for us? What it means is that if we play an entire football season, betting 50 games with coin tosses we will get 14 or more wins 99.7 percent of the time.

Now we have to get pessimistic. The desired result we want here is to survive. The question is – what percent of our bankroll do we bet on coin tosses to only go broke if the three in a thousand worse case scenario happens to us?

If the worse case happens we go 14 wins and 36 losses. Our profit is $14 - 1.1 * 36$ which is $14 - 39.6$ which resolves to -25.6.

We need to find a percentage p such that $14p - 39.6p = -100$ (the -100 is all our money gone in this worse case scenario, remember we are dealing in percentages here.)

$p = -100 / -25.6 = 3.91$ percent per bet

or, we can round that up to 4 percent.

That's why Joe Guy always bets four percent, or \$40 of his original \$1,000 bankroll with every one of his 50 Top Ten bets. With his 8.9 unit profit he is up \$356 here.

You may be saying, why am I betting this tiny amount to survive? I want to WIN, I should bet more!

Remember what I said about your being in a war with your bookie? In war, the first rule is 'Don't die'. You HAVE to do the survive-first thing in order to prosper.

Notice that you can still go broke, you can never remove that risk and don't listen to anyone who says you can – you can just make it WAY unlikely, and we did – three chances in one thousand. I like THOSE odds!

Now you've learned the most important thing - how not to go broke. Next Joe Guy's Sports Betting How-To I'll show you how to profit.

Thank you for reading this PDF file. I will be doing more as time goes by. I'll let you know then!