

My Walking Barefoot in Four Feet of Snow Story

At some time in your life, you've heard a story like this, probably from your parents or grandparents: how they had to walk barefoot six miles uphill each way to school in four feet of snow, carrying their brother on their back. Well, I'm going to leave you with my own "in my day" story.

When I started trading in the 1980s, I had no quotes, no charts, and no research tools to speak of. There was no such thing as an Internet connection (at least one that I could connect to), no online trading, and no level II system for the average trader to find out where the market was. All I had was closing prices printed in the newspaper each day and some graph paper to hand plot charts.

Making matters worse, stock commissions were extremely high: more than \$100 per trade versus \$5 or \$10 today. Even when discount commissions were introduced, they were still around \$60 per side. At the time, however, that seemed like quite a bargain. Finding out where the market was at any particular moment was just about impossible for a small-time trader like me in those days. I had to be resourceful and a little audacious to make up for the tools I didn't have.

When commissions finally came down to a reasonable level, I opened a trading account at a local discount brokerage house. That brokerage office offered a very useful feature: a stock quote machine in the lobby. These were not streaming real-time quotes but rather snap quotes that you could pull up static one stock at a time.

The machine was meant to be a courtesy for customers who stopped by the brokerage office and didn't invite frequent use. The computer terminal sat on a table without a chair. The message was clear: look once and move on. That, however, did not discourage me. I stood outside that branch office every trading

day, rain or shine, reading the newspaper. Then I'd go in every 10 minutes or so to check the quotes. Sometimes I'd take a break across the street for a hot dog or a soda. Otherwise, I didn't leave my spot for the entire six-and-a-half-hour trading day. How else could I know where the market was?

Eventually, I purchased a computer to get market data, but there was no Internet trading in those days, no point-and-click two-second execution the way there is today. In those days, I made my money by picking up the phone and paying hefty commissions.

When people tell me that trading today is too difficult, that the market is too complex and the pros have all the edge, it makes me chuckle. It's a much more level playing field today between the amateurs and the professionals. Even casual investors have tools at their disposal—from online trade execution to free charts—that I couldn't imagine in the old days. Today you have the equivalent of a fully equipped F-16 fighter jet at your fingertips.

Don't say the deck is stacked against you, retail players can't win, or only the professionals make money in the market. These are simply excuses. I dropped out of school at age 15 with virtually no money and no education. If I could make big money in the stock market, think about how well you can do. There is no reason you shouldn't be able to achieve far more than I have.

I've always felt that smart people learn from their mistakes but really smart people learn from other people's mistakes. I have tried to follow this philosophy by carefully studying the great traders and innovative thinkers of our time. I have made my share of mistakes and have learned the hard lessons. In this book I have presented to you a sound plan that is based on my experience. It's now up to you to execute it and stick to the discipline. If you do, it will be well worth it.

Best wishes!