

Stock Doc: Stick to Your Guns

When taking risks, don't hamstring yourself with second-guesses.

BY ALDEN CASS

Jun 28, 2007 3:13 PM EDT

[READ AS SINGLE PAGE](#)

This past Sunday, in the second inning of a baseball game, I stood on first base after hitting a single with two outs.

I play in a wooden-bat semi-professional baseball league in Central Park as a way to relax each weekend. My team was playing against a new and unfamiliar opponent on that day, and I had no awareness of whether the catcher had a good throwing arm or if the pitcher had a good pick-off move. We had a weaker hitter at bat, so strategically I knew that it would be in my best interest to attempt stealing second base.

So after the pitcher went into his motion on the second pitch, I made the decision to take a risk and try to steal the base. Unfortunately, despite my sound strategy, I was just barely thrown out after sliding feet-first into the base. I was told that I probably would have been safe, had I gone in with a headfirst slide. Lesson learned!

Even though the inning ended, my teammates celebrated my courage and my aggressive play. I was, after all, just trying to make something happen.

ADVERTISING



I have long been a fan of a quote that I read inside of a fortune cookie, and I have tried to integrate its meaning into my business and athletic endeavors. The quote reads, "You can't steal second base and keep your foot on first!" For the traders and investors out there, this means that in order to take risks and make money, you can't second-guess your strategy or thesis, even if the trade seems uncertain.

I have worked with many traders who have initially felt that they were not making a good enough living because they were not getting involved in fast-moving trades and thus, were sitting on the sidelines during a huge opportunity to take a strong position. Many of them feel angry that they are watching others make money after having taken a big risk. The best traders, of course, take risks, and are so competitive that they would never be caught sitting on the bench staring at his or her P/L during a fast money making opportunity, no matter how uncertain it may be.

Recommended for you:

Tesla Shares Hit One-Year Low as Safety, Liquidity Concerns Mount on Carmaker

Tech Gets Wrecked, Oracle, Google, Tesla and Nike - 5 Things You Must Know Before the Market Opens

Global Stocks Slide as Tech Sector Slump Rattles Bulls

Cass is a performance enhancement coach and clinical psychologist for Catalyst Strategies Group (www.catsg.com) who specializes in working directly with individual and teams of senior investment executives, including high-profile CEOs, top hedge fund and prop traders, investors, and financial advisors to help them achieve their financial and personal goals. He works to modify behaviors that are hampering their performance and to give them the mental edge within competitive work environments. He is a licensed clinical psychologist and an expert on the use of psychology in the financial services industry. He has conducted behavioral healthcare studies on retail stockbrokers that indicated that 23 percent of the group measured met criteria for major depression. His research has been presented at both national and international conferences (APA, ICPP). He is a major contributor to columns in *On Wall Street Magazine* and *Traderdaily.com*. Cass has also conducted workshops with the Securities Industry Association, Money Management Institute, *Trader Monthly Magazine's* Peak Performance Workshop, The Wall Street Branch Managers Meeting at the Federal Reserve Bank of New York, and the London Bullion Market Association, the Silver & Zinc Association, the Investment Management Consultants Association (IMCA), and the Investment Products Association (IPA).

He has appeared in the following media: *The Today Show*, *Fox News Live*, *New York Magazine*, *Businessweek*, *Lou Dobbs Moneyline CNN*, *CNN money.com*, *CNBC London*, *Financial Times*, *London Financial Weekly*, *Washington Post Radio*, *NY Newsday*, *On Wall Street Magazine*, *E-Trade "On Air,"* *BBC Radio*, *Reuter's Business Newswire*, *New York Times*, *Boston Globe*, *Absolute Return Magazine*.

Continue Reading →

(Page 1 of 3)

READ AS SINGLE PAGE

The other day, a trader who came to me for performance coaching missed out on taking a position with **GlaxoSmithKline** (GSK). He watched his colleagues jump in early, as they looked at some intriguing data points. He jumped in as well, but when the stock price began to invalidate his initial theory, he abandoned his position and pulled out prematurely because of fear. The others around him stayed with their conviction and remained poised.

I told this trader, "If you want to be successful, you have to be able to trade like you would drive a car. You can't drive with one foot on the brake and one on the gas simultaneously. You have to be comfortable with speed and with placing just one foot on the accelerator once you know where you are going." Even if he was wrong for having followed his initial conviction about Glaxo, he would have been right for sticking to his guns about the data points that he incorporated into his decision-making process.

In the fifth inning of my game Sunday, I singled again and was faced with the same decision as in the second inning. I had learned from my previous attempt that I could have successfully stolen second if I had slid headfirst. Against the same pitcher, I went against my urge to play it safe, and took off on the second pitch again. I wasn't going to be denied this time and went in headfirst. When the umpire called me safe and my teammates cheered, I reminded myself that I could never be a great baseball player if I started to doubt my ability to steal.

Even if you are foiled in a fast-moving trade, keep coming back into them with the same tenacity and conviction. If you have a good strategy and solid data points, you will reap the financial rewards at the end of the day. There are no real mistakes, just new learning experiences!

Please write to the Stock Doc with your trading, emotional or investing dilemmas. Dr. Cass always welcomes comments and stories, for which he'll try to offer valuable solutions in later columns.

IF YOU LIKED THIS ARTICLE YOU MIGHT LIKE

Stock Doc: Two-Faced Dollar Doldrums

The "Stock Doc" looks at the strong dollar policy.

Alden Cass | Nov 19, 2009 4:00 PM EST

Your Inner Super-Trader

Attention Traders: Interested in improving your trading acumen? Read this.

Alden Cass | May 28, 2008 7:19 PM EDT

Open Book: Think Like a Bull, Avoid Disaster

Stressed by the market? A new book looks at how 'bullish thinking' can save the day.

Alden Cass | Mar 29, 2008 11:55 AM EDT

What Traders Can Learn From the New England Patriots

To maintain perfection requires some serious introspection. Here's how it's done.

Alden Cass | Jan 14, 2008 3:33 PM EST

Stock Doc: Adultery on Wall Street

Dr. Cass offers advice for a reader who strayed from his marriage.

Alden Cass | Nov 10, 2007 11:16 AM EST

©1996-2018 TheStreet, Inc. All rights reserved. Action Alerts PLUS is a registered trademark of TheStreet, Inc.