

# ReadySetCrypto Trading Edge Masterclass



READYSETCRYPTO 

## **Module Nine:** Success Habits



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## **Success Habits**

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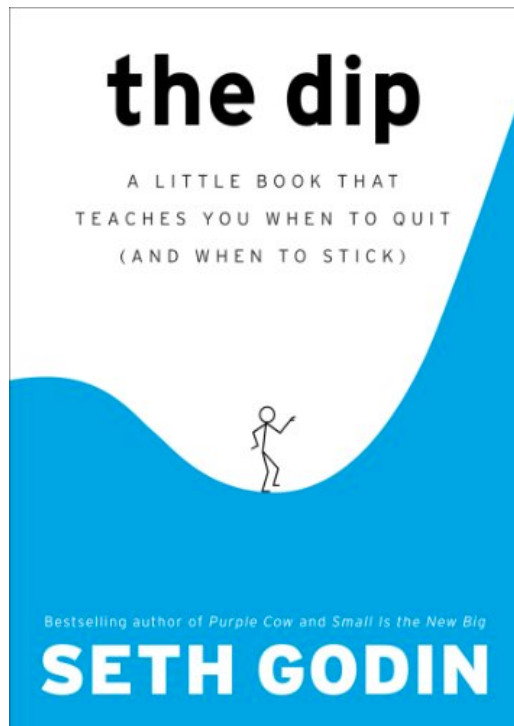
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# Introduction to Success Habits

Let's start out with our discussion on "Habits" by talking about a book by Seth Godin called "The Dip."



I've attached the book cover because I think it has the right imagery that goes with any challenge worth attaining. With every pursuit that we go after (the distant mountain to climb) we'll start out making some good progress, but soon afterwards our progress stalls and we run into "The Dip." Here is the book summary:

*"Every new project (or job, or hobby, or company) starts out fun...then gets really hard, and not much fun at all. You might be in a Dip—a temporary setback that will get better if you keep pushing.....Winners seek out the Dip. They realize that the bigger the barrier, the bigger the reward for getting past it. If you can beat the Dip to be the best, you'll earn profits, glory, and long-term security."*

The reason why I've included "The Dip" to begin with is because I want you to understand that everything worth attaining truly is a "journey," and is not some trivial little speed bump to

overcome. The bigger the payout in the end, the bigger the "dip" that we'll have to overcome. And EVERYONE who trades will run into The Dip. There is a version of The Dip with the "Trader Progression," as stages 2-4 were essentially different locations inside of The Dip. Stage Five (Inwardly Bound) is where you start to climb out of The Dip and make progress towards the summit.

With any luck, I've made the point that success is rarely an overnight phenomenon. You already know this. And that you'll encounter challenges on the way to your goal. Once again, I play the role of "Captain Obvious."

So what is the missing piece that allows you to get OUT of The Dip and towards your goal? What I've found since I encountered a couple of smart gents recently...is that the key to getting out of The Dip are "Success Habits." It's not what you do once or twice...**but what you consistently do every day that counts.** Small, almost imperceptible gains add up over time, which is what they call:



# The Aggregation of Marginal Gains

What I want make you aware of through this material is that success doesn't just "happen." Rarely do you make a "breakthrough" and go from a struggling, frustrated trader into one that consistently profits and controls their own destiny...as a "step function," losing one day and then forever profitable the next. We established this in the Trader Progression, and showed that to graduate to the next step of the Progression took reps and work, and perhaps a change in your Belief System to accomplish that.

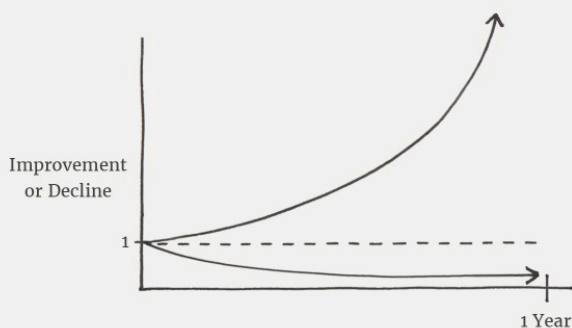
But we haven't put the challenge into the context of "marginal gains." For those confused by the language, this means "*getting infinitesimally better from one day to the next.*" Let's put some numbers to this:

## Getting 1% Better Every Day

Is it possible that you could get to be 1% better today vs. yesterday? Most would agree that delta is well within their ability, but would discount the ability for that marginal gain to have any impact over time.

### The Power of Tiny Gains

$$\begin{array}{ll} 1\% \text{ better every day} & 1.01^{365} = 37.78 \\ 1\% \text{ worse every day} & 0.99^{365} = 0.03 \end{array}$$



JamesClear.com

This graph shows the folly of that thinking; if you got 1% better every day, those gains would compound over the course of a year to make you 37 TIMES better after 365 days!

The point here is to stop thinking of the task of "improvement" as some impossible "Dip" to climb out of that will take a bolt of lightning or some massive breakthrough to achieve. Perhaps all it will take is *constant effort and pressure* towards your goal.

As author James Clear states, "*The difference a tiny improvement can make over time is astounding.*" What can you do to get 1% better tomorrow?

# You Become What You Repeat

The more that you repeat a desired behavior through Habit reinforcement, the more that you reinforce that “identity” associated with that behavior.

Let’s say that you wanted to lose weight and get into better shape. We’ve all tried the usual changes behind this goal, such as crash diets, setting goals, watching videos, doing exercises, etc. But perhaps our Belief System is not aligned with being in shape.

## Identity-Based Habits

Something that we can do to align ourselves with a goal is to pursue Identity-based habits. If our current “identity” does not align with “being thin,” then perhaps we can



target someone else to identify with that displays those characteristics. Let’s say that you’re inspired by Conor McGregor (I’m really stretching here) and want to use him as your “identity” target. Is Conor overweight or fit? Well, he’s incredibly fit and tough. Would Conor grab that jelly doughnut at the office meeting? Not a chance. True “behavior change” is actually “identity change” as you begin to create a new Belief System about yourself. The more that you repeat a

behavior, the more that you reinforce the identity associated with that behavior. So if you want to be as tough and fit as Conor, ask yourself “What would Conor do?”

According to James Clear, changing identity-based habits is a two-step process:

- Decide the type of person that you want to be identified with.
- Prove it to yourself over and over with small wins.

***Every action that you take is a vote for the type of person that you want to become.***

Think about that statement as you go through your day, and the myriad decisions & actions that you take during the day. Who do you want to become? Does this next action act as a “vote” for who/what I want to become?



# The Four-Step Process to Habit Creation

James Clear outlines a four-step process to creating new “good” habits; I’m hoping that you’ll order the book, (see last page of this ebook) because it’s that good, and I won’t do the material justice...however here’s a quick summary of the process:

## **First Law of Behavior Change - Make It Obvious**

If you want to adopt new, positive habits then you have to make the adoption of them “obvious” by:

- Using “Implementation Intentions” to state what it is that you are trying to change.
- Using “habit stacking” by tying a new habit to one that you’re already used to performing, such as “when I brush my teeth in the morning (something that you already are doing) I will do ten pushups.” (new habit)
- Using Environmental Design. To make my new habit of working out in the morning “obvious,” I lay out my workout clothes at the foot of the bed.

## **Second Law of Behavior Change - Make It Attractive**

If you want to adopt new habits then you have to make the adoption of them “attractive” by:

- Using “temptation bundling” which pairs the action that you WANT to do with the action that you NEED to do...such as walking a mile to get that morning coffee instead of driving there.
- Join a culture where the desired behavior/habits are the norm.

## **Third Law of Behavior Change - Make It Easy**

If you want to adopt new habits then you have to make the adoption of them “easy” by:

- Reducing the “friction” of adopting new habits.
- Adopt the 2 minute rule; downscale new habits until they can be done in 2 minutes.
- Automate your habits to “lock in” desired behaviors.

## **Fourth Law of Behavior Change - Make It Satisfying**

If you want to adopt new habits, then you have to make the adoption of them “satisfying” by:

- Giving immediate reward after completion.
- Using a Habit Tracker to give yourself a “scorecard” to fill in.
- Never allowing yourself to miss a habit twice in a row.

## **Behavior Change is Hard!**

Recall the “Belief System” from the last module; it defines “who you are” and makes change to anything outside of that identity difficult. Force-feeding it new information is like banging a square peg into a round hole....it won’t fit and the RAS will not “accept” it.

The point behind Clear’s Four-Step Process is that behavior change can be introduced in very small increments through purposeful action and lifestyle design change.

## **Trading is All About Habits**

Successful trading is all about following the “right” habits and eliminating those that align you with the rest of the “typical” Retail traders. All of the better traders have the same positive habits, such as:

- Journaling every trade
- Reviewing results and determining root cause errors
- Performing pre-market analysis
- Focusing on continuous improvement on their “one thing” strategy
- Continuing to read and learn about the newest techniques
- Staying fit and alert
- Staying OUT of the mainstream financial news

Conversely, new retail traders tend to have BAD habits, don’t they?

- Panic buying at the highs
- Selling out at the lows
- Entering without a stop loss in mind nor an exit
- Bouncing from strategy to strategy in search of the Holy Grail



Recall above that we said, “You Become What You Repeat?”

If you continually show bad habits, you will “become” those bad habits and you will not be able to STOP yourself from continuing to display them. The bad habits have become part of your BELIEF SYSTEM, or your IDENTITY. Tying this back into the previous module, if you identify with your bad habits, (and assume that *it’s just how you do things*) then your RAS will ensure that you continue to make them, creating that vicious cycle that’s impossible to escape from.

Every action is a vote for who you want to become. Make sure that “vote” is reserved for the type of trader that you want to be.

# Environmental Design

If you have a difficult time sticking to your “good habits,” or maybe even getting rid of “bad habits,” then your environment could be at fault. Your environment, or “what’s around you,” can be a positive or negative impact on your ability to execute and follow good habits.

- A recovering alcoholic will have a very difficult time staying on the straight and narrow if they choose to spend their free time at a pub.
- Someone on a strict diet will be challenged to stay on that diet if a fresh box of doughnuts are prominently located in the middle of the table during every meeting.
- The healthy food that you buy at the grocery won’t be consumed if you hide it in the wrong part of the refrigerator.

Until I started working with “Success Habits” I had a particular problem getting writing done on a daily basis. I could never get “into the flow” and would have to pull a marathon session just to get caught up. I eventually realized that “Environmental Design” was my issue; I was trying to write at my trading workstation, which is nearly impossible for me as on any given day there are several charts all bouncing around, demanding attention.

To fix this, I changed my environment to support a single purpose - writing. No multiple monitors, no charts. I found that I could not do this at my trading workstation, because I was mentally associating the act of sitting there with “trading,” not “writing.” Now, when I need to write, I check into a shared workspace where I have my own desk, or hang out in the book stacks at a library. The difference in productivity is amazing when you begin to associate “one habit” with “one purpose.”

One Habit, One Home. Design the environment for the “habit” or purpose that you want to support. And this works in the inverse, which is to avoid environments that support the habits that you want to kick.



## Summary - Success Habits

As I've followed the world of "self-improvement" for the past twenty years or so, I can state that the science and study of "Habit" has just recently hit the radar, so this is cutting-edge stuff.

And I can tell you unequivocally that "this stuff works" as I've seen it work very nicely in my own life. I've seen the mental friction at work about adopting a new habit:

**Old Belief System:** I know you want to start weight-training, but it will be painful.

**Old Identity:** OK, you're probably right. Let's skip it.

After the adoption of some of the techniques in this module, the conversation goes more like this now:

**Current Belief System:** If you get out of bed and lift, you'll be sore tomorrow.

**Current Identity:** How about if we just go for two minutes and see how we feel?

**Current Belief System:** Deal.

Ten minutes into the session, you're warmed up and into it and glad that you made the effort. Just *getting started* is the key to success in anything you want!

Breaking things down into much smaller "chunks" gives you a way to focus on the smaller things and grab a sense of victory and accomplishment, instead of sitting there in the valley of "The Dip" and moaning that everything is "not fair" or "too hard."

Progress through the "aggregation of marginal gains" is very real and very powerful. Try it yourself.

## Homework and Next Steps

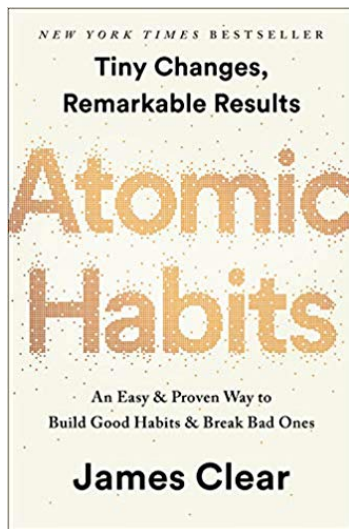
Please complete the following tasks before moving to the next module:

- ☐ Watch the associated video for this module.
- ☐ What are some of the negative habits that you'd like to eliminate?
- ☐ What are some good habits that you wish you displayed?
- ☐ Consider reading at least one of the books shown on the next page.
- ☐ Watch at least one presentation from James Clear on [youtube.com](https://www.youtube.com)
- ☐ Sign up for James' free newsletter at [jamesclear.com](https://jamesclear.com)

## Recommended Resources

100% of the material from this module have come from the following resources. I have read both of these books and they're some of the most enlightening reading that can make an immediate impact on how you go about the business of being a more effective human being. Both are great additions to your library and can be purchased in any of the popular formats, and they've been out long enough to be available for a discount "used."

### Atomic Habits - James Clear



### The Power of Habit - Charles Duhigg

