

Peak Performance Zone

Our guest speaker at the 2006 SuperTrader Retreat was Mark Douglas who of course wrote that excellent primer “Trading in the Zone”. Coincidentally another famous trading coach Ari Kiev gave his trading book the same title. This begs the questions, what is the Zone, why is it important and how does one achieve this state.

I call what these authors are referring to as the ‘Peak Performance Zone’. It is the psychological state within which I observe really successful traders operate. In the Zone, the trader spontaneously and flawlessly executes the ideas that enable them to remain in harmony with what the market is doing moment by moment.

Hallmarks of the Zone are self mastery and self control. The trader is in tune with what the market is doing and not restricted by his or her own preconceptions, prejudices and view of what the market should be doing. In psychological language the trader in the Zone is ‘present’. This means that the trader is detached and free to flow with the market direction that exists at that moment in time. In the Zone the trader seems to have empathy with the market, so much so that Mark Douglas claims the trader in the Zone relies on intuition rather than cognition.

If being in the Peak Performance Zone can provide an edge for consistent success, then wouldn’t make sense to trade in the Zone your self. How can this be achieved?

I spend much of my professional time as a coach assisting traders to operate in the Zone. But you know the Zone isn’t really anything extraordinary. Yes professionals work in the Peak Performance Zone as a matter of course. Think of Tiger Woods or a surgeon doing open heart surgery.

You will have experienced being in the Zone many times in your life. This is when you have practiced a skill so much that it becomes second nature; for example when you are driving your car. When you drive you flawlessly execute the actions required by the road conditions and the information flow (traffic) moment by moment. You are working unconsciously competently in a super conscious state. You are working beyond cognition. You don’t calculate the velocity difference between you and the car you are overtaking. You just do it. That’s the Zone.

Driving a car is far more dangerous than trading. Every time you take the car on the road you put your life at risk. But this does not inhibit good performance; rather it enhances it. It’s a must that you operate in the Zone without fear and anxiety and with the positive expectation that you will achieve your destination.

When you trade it’s a must that you operate in the Zone without fear and anxiety and with the expectation that you will achieve your destination. You must be up to responding intelligently, skillfully and spontaneously to the market traffic.

To achieve the consistency and trading success that being in the Zone affords we have to focus on the four elements of the Zone. The first is physiological. Doesn’t it make sense that you will achieve better outcomes if your physiology allows you to operate in a powerful state of relaxed yet alert centeredness rather than with adrenalin shock and fight /flight? The emotional element must address the fear and anxiety aspect



associated with trading. You don't know the future in a market, anything can happen. But when you are emotions are associated with calmness, self belief, and optimism, you will have the emotional edge of the Zone.

The Zone has an intellectual element. You have to know what you are doing. Are you gambling or running a profitable risk management business? Do you know that your trading strategy is resourceful enough to produce the outcomes you desire? Have you accessed the full repertoire of intellectual skills; there are 8 or 9 of them, which you can use to improve your intellectual edge.

Action is the fourth and most important element of the Zone. You have to practice integrating your positive physiology and emotions with your strategy so that you execute your trades flawlessly. This will mean at first performing deliberately and mechanically with a small account size. You will work at consciously implementing your competent strategy. This will provide you feedback so that you can improve both your strategy and your implementation skills. With enough practice, and you have to keep doing it, you will develop the precision and perception to execute your strategy flawlessly. This takes time and perseverance. The results are well and truly worth it.

Think back when you first learned to drive a car. Think how you mastered the four elements of the Zone over time. There will be a similar progression in establishing the trading Zone for your self. Of course if you are not in the Zone for trading, think of the potential failure and lost opportunity. In my opinion it is not worth the price to pay for not being in the Zone.

If you can drive a car well then I believe you can trade well if it is your will and passion. Can you be in the trading Peak Performance Zone and reap the consequent rewards? I think so, if you are committed to practice and improvement. In trading, as with all walks of life, the Peak Performance Zone enables ordinary people to achieve extraordinary outcomes.