

Trading Endurance Lessons Taken from Elite Military Training



Trading is difficult. That's a fact. Anyone who tells you otherwise is selling something. It's akin to a professional sport, an elite performance, or an elite military profession. At the end of the day, talent alone will not sustain you. Success in the markets is highly dependent upon the concept of trading endurance.

How Tunnel Vision Can Help Your Trading Endurance

Jessica Stillman recently wrote a fantastic article for Inc.com on the [secret behind the Navy SEALs' exceptional endurance](#). In the article, Stillman pulls back the curtain on the mystery of "toughness" and the endurance of those fewer than 25% who make it through SEAL training.

According to Stillman and her interviewee, the secret lies in the ability of a person to break apart longer periods of stress, trial, and pain into bite size mental chunks. “Tunnel vision,” as she puts it, can go a long way toward enduring the hardship you’re facing.

Along those lines, it is the “here and now” that can spare you from the trauma and defeat of casting your vision too far.

Lessons from the Coach

Love him or hate him, legendary football coach Nick Saban is often reminding his players of this very concept. Here’s what Coach Nick has to say about focusing on the present, and avoiding the outcomes:

“Becoming a champion is not an easy process...It is done by focusing on what it takes to get there and not on getting there.”

Nick Saban

Let that sink in for a moment. The Navy SEALs who make it far in their training are usually defeated by one week called [Hell Week](#). Imagine zero sleep and the worst physical training you could ever imagine for 7 days straight. It breaks even the mightiest of men.

Yet, as Stillman discovers, those who make it through have a propensity to focus on the present. Like an endurance athlete, they segment the trial, the journey, into bite size pieces of accomplishment along the way. Too much focus on getting there, on the finish line, and the task seems too daunting.

Ignoring the Outcomes – Focusing on Process

Saban refers to this as *the process*. He’s famous for it.

Ironically, when we focus too much on the end result, or the outcome of our goals and vision, it can hinder us from enduring the ups and downs along the way. Like the Navy SEALs who arrive at Tuesday morning during Hell Week and realize they have 5 more days to go and haven't had any sleep, thinking that far out can have devastating effects on our endurance.

To that end, traders can extend their trading endurance from this way of thinking.

"Every time you think of winning the national championship—stop. Instead, think of what you have to do to dominate your opponent for sixty minutes."

Nick Saban

That's all it takes. Just 60 minutes. Once you've accomplished that much. Work on the next task.

Adversity as Cause for Trading Endurance

How do you react to adversity? Are you the type who loves challenge, or the type who wants comfort?

At the end of the day, trading endurance boils down to how well you [respond to adversity](#). If anyone would know, it's [@6DeltaBravo](#), or Daniel, as he is known. Daniel is a professional trader and SWAT team member who knows a thing or two about adversity.

In addition to the ability to focus on the "here and now," Daniel and his SEAL team friend find that the determining factor for success in anything is adversity.

The only thing almost everyone (SEALs) has had in their life is facing some sort of adversity or regular setbacks/poor

upbringing before hand. Being doubted, told you're not good enough, parents fighting, divorces, alcoholism, etc. Something that needed to be overcome and gave them the inner strength.

@6Deltabravo

The correlation to trading is uncanny.

You see, there is no guarantee you're going to make it in the market. There are no structured expectations that you might find in a law degree or medical degree. **No one has created the curriculum for you.**

Not only that, but setbacks are certain. Losses are certain. And how you develop as a trader is highly dependent upon how you handle adversity. On that token, Daniel adds that "you can't learn that in a short period of time." You can't teach it, either, he admits.

"When kids experience it in their youth and learn and grow from it, that's where it comes from. You can't pay for a college course and teach your mind and body to overcome that. You have to actually *do* it."

Persistence Through Adversity

Legendary trading coach, Dr. Brett Steenbarger, is no stranger to the woes of adversity facing traders. He's seen it countless times.

In a [blog article](#) on this subject, Steenbarger recounts the cliché that "adversity doesn't build character: it reveals it."

Cliché or not, there appears to be a lot of truth in that statement. As Steenbarger has witnessed, "adversity [brings] out a latent strength, a quality I have, but do not always draw upon: persistence in the face of challenge."

And the challenges in trading are inevitable. But what separates those who make it through the proverbial *Hell Week* of trading have something in common. It's all in how you handle the adversity.

The really good traders refuse to let the setback control them.

Dr. Brett Steenbarger, Ph.D.

Instead of losing their cool, playing the blame game, protecting their ego, the “really good traders” will take the time to [review their trades](#) and “make sure they drill the learning lessons in their head.” **In the end, these traders become more focused as a result of the adversity.**

If adversity creates opportunity, then it is through preparation that opportunity is seized.

Opportunity, Meet Preparation

In short, trading endurance is nothing without preparation. Just ask a Navy SEAL. There are no operations taken without careful planning. Even their training has purpose to it, long before the trident is ever fastened upon those dress white uniforms.

It is through preparation that elite performance is obtained and trading endurance is realized. There is no other way around it. Talent will only get you so far.

As famous coach Bobby Knight has observed, “many have the will to win, but not many have the will to prepare to win.”

Dr. Steenbarger has witnessed this in elite traders. “Elite performers,” he says, “love the preparation, not just the performance – and that’s what enables them to move to ever higher levels of performance.”

How to Prepare for Trading Endurance

As a trader, the cards are stacked against you from the get-go. There are a sea of financial sharks swimming around seeking whom they may devour on any given day in the market. And they are infinitely better funded and better equipped than the average Joe.

Despite what WallStreetBets may say, the odds are not in your favor without proper training and preparation. To that point, let's channel our inner elite soldier and consider five things that may help with your preparation in trading.

1. Clarify your objectives
2. Measure your abilities
3. Rehearse all possibilities
4. Stress-proof through training
5. Review all outcomes

Let's spend a moment with each one of these.

1. Clarify Your Objectives

If you don't have a vision or objective for what you want to accomplish, how will you know when you've found it?

Beginning traders are often wont to start "pushing buttons" as soon as they fund a brokerage account. But what is the objective? More than likely it's the opportunity to get rich quickly. In other words, the objective is a gamble.

There is no process in this, no preparation involved. And this will eventually lead to a lack of confidence and failure.

Every trader needs an objective stance on preparation, and that should be focused on the constant pursuit and refinement of an [edge](#).

This can be done in a few ways, 1) through back-testing data, or 2) through analyzing a large set of real or simulated

trades.

The problem lies with the human condition and our propensity for entertainment and reliance on dopamine. That being said, most traders will simply keep pushing buttons looking for that rush and never understand their consistent failure.

Is that you?

2. Measure Your Abilities

This concept is similar to the old adage “know thyself.” Not everyone can jump as high as Michael Jordan or run as fast as Usain Bolt. We’re all different.

You might be thinking, “but trading is just pushing buttons.” True statement. It doesn’t require an extremely talented hand on the mouse to place a trade.

But there are other unseen forces that are inherent with trading. Forces that either bring out the best or the worst in you. Most of these center around personality.

There’s a great book on this subject by Jason Williams, MD, called *The Mental Edge in Trading*. And while it isn’t necessary to test your personality on the NEO PI-R test, it would behoove you to be aware of your strengths and weaknesses and how those may affect your ability to trade.

Personality traits like overconfidence and thrill-seeking, anxiety and openness, along with many others, may be stronger in one trader than another. You may be more organized than someone else and prefer quantitative strategies. Or, you may be more of a “feeler” and need to trade discretionarily as you sense the tape.

Whatever your strengths and weaknesses, take the time to get to know them and incorporate awareness of these into your preparation.

3. Rehearse All Possibilities

Do you really think a Broadway playhouse would allow someone to walk off the street, audition, practice a few lines, mimic some other actors, and then go live on stage in the same week?

Come on, now. Think about it for a second. You're no different. Look at you, signing up to dance in the markets with the big boys with nothing more than a retail brokerage account and your life's savings at stake. Think you'll make it?

The sad truth is that a substantial portion of trading (and trading psychology) problems stems from trading sheer randomness.

Dr. Brett Steenbarger, Ph.D.

Navy SEALs rehearse every possible scenario they can think of long before they jump out of the plane into enemy territory. Why wouldn't you do the same with your trades? Assuming you have an edge, it then boils down to creating a trade plan and a contingency plan and a contingency, contingency plan. Then, execute it.

Give yourself time to learn the lines, rehearse, and practice until you can't get it wrong.

4. Stress-proof Through Training

Rehearsal leads us to this point. In fact, rehearsal and training are closely related, but we want to drive home the point.

Answer this question:

What leads to stress?

You might consider answers like "uncertain outcomes, unmet

expectations, fear, unrequited love...”

Well, let's not go too far there.

Seriously, though, in the absence of uncertainty, hope, or fear, stress is effectively neutralized. For that reason, you should be asking yourself as a trader, “How do I mitigate stress?”

And the answer is to [practice all possible outcomes](#). If I take x approach, y and z could happen. Then, If y happens, I do this. Or, if z happens, I do that.

Do this enough in your training and you habituate the process of performance into a set of scenarios no different than a flow chart. Practice until you take the stress out of trading so that when real money is on the line, you already know what to do.

5. Review All Outcomes

No military unit is going to perform an invasion or exercise without a debriefing. Debriefing and review is where the learning takes place. It is a subset of the training process to mitigate adverse outcomes and stress for future events.

Realize the importance of this. Journaling and reviewing trades has a profound effect on our psychology.

Take a look at this lesson from Dr. Steenbarger's *The Daily Trading Coach*:

The research of James Pennebaker, a professor at the University of Texas, is quite relevant here. He and his colleagues found that writing in a journal or talking aloud for a half hour a day had a powerful effect on enabling people to cope effectively with challenging emotional circumstances, including traumas and crises. When we make implicit feelings explicit, we view them from different

angles and place them into a different context. For example, someone who has been angry and frustrated with himself over poor trading performance might journal about these thoughts and feelings at length. As he is writing—and reading over his writings—he suddenly realizes, “Whoa; I’m being awfully hard on myself. I’m not that bad!” With that, he is able to throttle back his negative self-talk and turn attention back to markets.

Dr. Brett Steenbarer, Ph.D.¹

Review should not be feared. The professional will find this process therapeutic and empowering for his trading career.

Conclusion

When we asked our trading friend and SWAT team member Daniel what he thinks has contributed to his success, he gave us this reason:

“It doesn’t hurt that I absolutely love the grind. I love sitting here and learning and trying to be better than other people on the other side of the trade.”

Think about that the next time you suffer in the markets. Do you enjoy the grind?

Do you have trading endurance?

“We’re not going to talk about what we’re going to accomplish. We’re going to talk about how we’re going to do it.”

Nick Saban