

TRADER'S BUSINESS PLAN



Mission Structure

VISION

Drafting a business's vision statement is an important step in the creation of a business plan. It is one part the owner's dream for the business and another part the path the owner is laying for their business in the future. The vision statement is generally written with long-term perspective in mind. The statement should be well-written and compacted into one or two descriptive and passionate sentences about your desires for pursuing trading as a career.

MISSION STATEMENT

A mission statement is a key tool that can be as important as your business plan. It captures the essence of your trading goals and the philosophies which support them. Equally important, your mission statement signals what your business is all about to yourself. Answering these questions will help you create a verbal picture of your business plan:

- Who is going to be your support network?
- When are you available to trade?
- Why do you want to day trade?
- What are your long-term goals?
- Who are you going to learn from?
- What capital is available to you?

TIMELINE

A timeline should be used to manage the progression from your initial decision to start trading, to your trading education and simulator training program, to meeting your end goal of live trading. This timeline is essential to tracking the various tasks that need to be completed in each step of your journey. It is continually updated as progress is made to ensure your trading business does not become stagnant. It uses benchmarks to evaluate progress and keep the focus on how much has been accomplished.

SWOT ANALYSIS

STRENGTHS <ul style="list-style-type: none">What do you do well?What unique resources can you draw on?What do others see as your strengths?	WEAKNESSES <ul style="list-style-type: none">What could you improve?Where do you have fewer resources than others?What are others likely to see as weaknesses?
OPPORTUNITIES <ul style="list-style-type: none">What opportunities are open to you?What trends could you take advantage of?How can you turn your strengths into opportunities?	THREATS <ul style="list-style-type: none">What threats could harm you?What is your competition doing?What threats do your weaknesses expose you to?

Resources

TOOLS & SERVICES

- High-speed Internet Service**
You need a reliable Internet provider that offers high-speed Internet.
- Broker**
You need a high-quality direct-access broker. Your broker is your vehicle to trade.
- Trading Platform**
Fast trade execution is the key for day traders to be successful. You need to be able to move in and out of trades quickly.
- Scanners**
Thousands of stocks are moving in the market every single day, but finding a setup that is both consistent and a good fit is really hard. Trade Ideas software for scanning the market is a great tool for finding the best trades.
- Community of Traders**
Trading alone is very difficult and can be emotionally overwhelming. To whom will you ask your questions? Online communities are excellent places for meeting like-minded traders. They can be powerful learning tools.

JOURNAL

A trading journal is a tool to keep track of all of the trades you have made. A few of the benefits of a trading journal are that it allows you the ability to monitor your progress, to analyze which strategies are working, and to assist in determining what areas you need to improve in. The trading journal can be as detailed as you would like, but at a minimum a trading journal should include the following information for each trade:

- Stock
- Entry, stop loss, profit target
- Time of the trade
- Size
- What you did well
- What you did not do well
- What you can improve on
- A psychology review



MONEY AND RISK MANAGEMENT

I will risk \$____ or ____ % of my account per trade.
I am allowed to scale up my size after being consistent.
My daily profit target is \$____ or ____ % of my account.
My daily max loss is \$____ or ____ of my account.
I have platform risk controls enabled: Y N
I am allowed to take a max of ____ trades per day.
My break-even win accuracy is ____ %.
I stop trading or wind down when the clock reads: _____

STRATEGIES AND PATTERNS

I don't trade the first ____ minutes after the Open.
I trade stocks with at least ____ million share float.
I prefer to trade stocks with a price range of:
\$ _____ (min) \$ _____ (max)

TRADE MANAGEMENT

I take ____ % off my position on each partial while exiting.
I move my stop to break-even after taking partials: Y N
I seek a realized return of ____ times the amount I risk (reward-to-risk ratio)
My stop losses are Mental Hard

My main setups are:

See TradeBook for more info

Planning

ACTION PLAN

The action plan explains how you will operate and manage your trading business. It addresses the back office activities that do not relate directly to your trading plan. **Some of these activities include:**

- Setting up your trading station
- Deciding on a community
- Developing an educational plan
- Retaining a tax planner
- Choosing a broker, platform, and Internet provider
- Establishing accountability relationships
- Developing a routine
- Analyzing statistics from your trading
- Developing your own TradeBook

EDUCATIONAL PLAN

Creating an educational plan gives you a visual picture of what you will need to accomplish over a period of time and provides you with an idea of how long it will take to meet your trading goals. It is important to know what is required as you progress through the learning curve. Having a well-thought-out plan allows you to manage expectations throughout your journey.

Sample Educational Plan:

- Months 0 - 2**
Learn (Read, Watch, Train)
- Months 2 - 3**
Plan (Create Goals, Timeline, Journal, Trading Plan, Build Strategies)
- Months 3 - 6**
Practice (Develop a Routine, Trade Sim, Revise Strategies, Trading Plan, Journal, Run Stats)
- Months 6 - 9**
Play (Trade Sim, Trade Live, Improve Routine, Strategies, Trading Plan, Journal, Run Stats)
- Months 9 - ?**
Perfect (Trade Live, Improve Routine, Strategies, Trading Plan, Journal, Run Stats)

Objectives

GOALS

Setting daily, weekly, monthly, quarterly, and yearly goals (and making progress on them) assists in maintaining a positive emotional attitude toward the ups and downs of learning to day trade. Ensure you have SMART goals:

- Specific**
Each goal is direct, detailed, and meaningful.
- Measurable**
Each goal is quantifiable to track progress or success.
- Attainable**
Each goal is realistic. You have the tools and/or resources to attain it.
- Relevant**
Each goal aligns with your business plan.
- Time-based**
Each goal has a deadline.

TRADING RULES

Rules are developed outside of market hours when we have a clear head and are not under pressure or distress. These rules are made to safeguard us when our mind is clouded and our emotions are at their peak. Rules are our friends who will protect us from ourselves.

- Day trading is not a strategy to get rich quickly.
- Day trading is not easy. It is a serious business, and you should treat it as such.
- Day traders do not hold positions overnight. If necessary, you must sell with a loss to make sure you do not hold on to any stock overnight.
- Always ask, "Is this stock moving because the overall market is moving, or is it moving because it has a unique fundamental catalyst?"
- Success in day trading comes from risk management - finding low-risk entries with a high potential reward. The minimum win:lose ratio should be 2:1.
- Your broker will buy and sell stocks for you at the Exchange. Your only job as a day trader is to manage risk. You cannot be a successful day trader without excellent risk management skills, even if you are the master of many effective strategies.
- Retail traders trade only Stocks in Play, high relative volume stocks that have fundamental catalysts and are being traded regardless of the overall market.
- Experienced traders are like guerrilla soldiers. They jump out at just the right time, take their profit, and get out.
- Hollow candlesticks, where the close is greater than the open, indicate buying pressure. Filled candlesticks, where the close is less than the open, indicate selling pressure.
- Indicators only indicate; they should not be allowed to dictate.
- Profitable trading does not involve emotion. If you are an emotional trader, you will lose your money.