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### Why the Turtles Matter

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By [TradingMarkets Research](#)

Editor's Note:

The following interesting article is from a blogger at [www.tradingmarkets.com](http://www.tradingmarkets.com).

**I have heard and read many incredible trading stories over the past 8 years.** But, the story that has truly inspired me as a trader, and made me believe that I could learn to become a successful trader is the true story of William Eckhardt's and Richard Dennis' "Turtles." For those of you who aren't familiar with the story-- it is essentially a story about "nature vs. nurture." "Nature" proponents believe that the "apple doesn't fall far from the tree," or to say this simply... who you are and how you behave is really more of a function of your genetic make up than how you were raised. "Nurture" proponents believe that although there is some genetic influence on who you are and how you behave, these qualities are more determined by how you were raised.

Now, getting back to the story, in 1983 an amazing commodities trader named Richard Dennis was arguing with his friend (also a trader) Bill Eckhardt that he (Richard Dennis) could teach people who were not already traders to become successful traders ("nurture"). Eckhardt disagreed and felt that great traders were born and required intrinsic genetic skills to become great. To settle their dispute, the two traders decided that they would do an experiment. They placed an ad to hire "trading apprentices" in several papers. From the responders to the ad, they picked 13 people to become their apprentices (they were not already traders). The students they picked came to be called the "Turtles" (Dennis had supposedly returned from a trip to Asia at the time and said "we are going to grow traders just like they grow turtles in Singapore"). After they signed on as apprentices, Dennis and Eckhardt taught them a simple set of trading rules over the next two weeks. Dennis and Eckhardt then funded the "trading apprentices"/"Turtles"; accounts (with supposedly 500,000+ dollars), and the experiment was on. Over the next four years what unfolded was astonishing. The "trading apprentices"/"Turtles" earned an average compounded rate of return of 80%. Dennis was right... "nurture" works. He showed that you do not need to be genetically different to be a great trader.

What does this have to do with us? It shows that you can learn how to be a successful trader. Let me make that statement again....**YOU CAN LEARN TO BE A SUCCESSFUL TRADER EVEN IF YOU ARE NOT ALREADY.** Therefore, if your account is steadily going down, if you have periods of success and then failure, if you can't control your feelings to "get it all back," if greed and fear get the best of you; you can fix it. You just need to stop what you are doing, and learn what to do right.

So where do you start? Start with the obvious, start with the "Turtles". Their teachers (Eckhardt and Dennis) must have had a good teaching methodology. We don't need to re-invent the wheel. Eckhardt and Dennis taught the turtles, a "system," --they were told criteria for when to get in and when to get out of a position. Additionally, they were taught risk control so that they could survive even through less than optimal times. This is critical because even if your system is effective, if you don't have proper risk control--you will still lose your capital.

Therefore, if you are having trouble with your trading--start with one simple system. There are many right on this website; you don't need to find some complex, difficult to understand, 10 rule system. Start with one in the TradingMarkets trader blogs\*, such as the one written by Larry Connors in his blog, "Connors Battle Plan":

"This strategy has 4 rules, yet it has been correct in the 80% range over the past decade. Here are the rules:

1. The S&P 500 is trading above its 200-day simple moving average.
2. Today, it trades (intra-day) at a 10-day low.

3. Today the VIX closes 5% or more above its 10-day simple moving average.
4. Buy the S&P 500 on the close and exit when it closes above its 10-period simple moving average."

How has this strategy done over the past 10 1/2 years? It's signaled 58 times. It's been profitable 81% of the time and it has picked up over 700 SPX points (while being in the market less than 15% of the time).

What about the Nasdaq? Same rules, except we use the NDX instead of the SPX. This has triggered 52 times since 1995. It's picked up 2100 Nasdaq points while being correct 77% of the time."

So here's a simple set of rules. If you don't already have data like this for your own system--use this. Unfortunately, this information alone isn't enough to make you successful, we now need to know what kind of position sizes are appropriate (for risk control) for this system based on largest losses and drawdowns. I will work on that.

But, the real point that I want to make here is that we can all be "nurtured"; to become great traders--it does not have to be some innate gift. If you are not currently consistently profitable, you can be. Don't give up. We can all learn to trade for a living if we want to...the experiment has already been done that is why the "Turtles" matter.

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