

HOW TO GET LUCKY

*13 techniques for discovering and
taking advantage of life's
good breaks*

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PART
ONE

*The
Commanding
Factor*

THE SUPREME INSULT

WILLIAM S. HOFFMAN was a gambler but not a successful one. He wrote a book about his life entitled *The Loser*. Trying to sort out the reasons why he was never able to make it, he arrived at a very interesting conclusion: *He failed because he tried to deny the role of luck in his life.*

He had learned this unproductive and dangerous attitude from his father, an athletic coach. The senior Hoffman liked to pep talk his teams with windy pronouncements derived from the Work Ethic. One of his favorites was: “If you’re good, you don’t need luck.”

What nonsense.

Of course you need luck. It doesn’t matter how good a football player you are. If you have the bad luck to trip on a loose stair runner and sprain your ankle the night before the big game, none of your hard-earned strengths and skills are going to do you the least bit of good. All those hours or practice, all that admirable grit and determination – all are down the drain. The coach can recite Work Ethic apothegms at you until he is blue in the face, but he cannot change the facts.

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It isn't enough just to be good. You've got to be lucky, too.

The junior Hoffman, the gambler, evidently listened too seriously to his father's bad advice. He thought he could become a successful gambler through sheer hard work. All he had to do, young Hoffman believed, was apply himself to an assiduous study of horses, cards, or dice. "If you're good, you don't need luck." Having become good, he figured, he would be in a position to conquer the world.

That was what he thought. Things didn't work according to plan. Bad luck hit him. He wasn't prepared to handle it. He went broke.

You have *got* to have good luck. Without it, nothing will work right for you. Good luck is the essential basic component of success, no matter what your personal definition of "success" may be.

What is it you want from life? To be rich? Famous? Respected in a profession? Happily married? Well loved? Whatever your goals may be, have you achieved them? It is unlikely you would be reading this book if your answer were yes.

Nearly all of us would have to answer no, we have not yet achieved our goals. And why not? Apply the question to your own life. What is it that has prevented you from getting where you want to be? Is it that you aren't good enough? Or simply that you haven't been lucky enough?

The second answer – not lucky enough – is by far the more likely to be the truth. Most of us are "good" in one way or another – good enough, as often as not, to reach whatever goals we have wished to set for ourselves. We have failed to reach those goals largely because of a lack of luck.

There are any number of ways to demonstrate this truth to yourself. It was emphasized strongly for me during a

The Supreme Insult

recent period when, quite by chance, I went to see a series of plays performed by amateur theatrical groups in my home county. Many of the groups' members told me that they had dreamed of acting professionally but were still waiting for the big break – or had given up waiting. I asked myself why the big break had never come their way. Lack of talent? Certainly not, in most cases. These men and women were at least as good as the stars we see every week on TV or at the movies. What was the difference, then? Why had the stars soared to a pinnacle of success while thousands of other actors and actresses, equally good, were never able to climb higher than a hometown dramatic club?

There was only one answer: luck. Being in the right place at the right time. Knowing somebody who knew somebody. Being good simply is not enough.

Luck. It blunders in and out of our lives, unbidden, unexpected, sometimes welcome and sometimes not. It plays a role in all our affairs, often the commanding role. No matter how carefully you design your life, you cannot know how that design will be changed by the working of random events. You can only know the events will occur. You can only wait for them and hope they are in your favor.

Luck is the supreme insult to human reason. You can't ignore it, yet you can't plan for it. Man's grandest and most meticulous designs will fail if they are hit with bad luck, but the silliest ventures will succeed with good luck. Misfortune is always striking good people who don't deserve it, while many a scoundrel dies rich and happy. Whenever we think we have some answers, luck is there to mock us.

Is there anything to be made of it? Anything sensible to be said of it? Anything useful to be done about it?

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Surprisingly, yes, there is. Probably more than you think.

You cannot control your luck in a precise way. You cannot say, “I want the next card I draw to be the queen of diamonds,” and have any reasonable expectation of that outcome. Luck isn’t amenable to fine-tuning of that kind. To hope for such control is to dream of magic. It doesn’t happen.

But you *can* bring about a substantial and even startling improvement in the quality of your luck. You can turn it from mostly bad to mostly good, from pretty good to better. Wherever you need luck and have been seeking it – in investments, gambling, career, love, friendships – you can upgrade your chances of becoming one of life’s winners.

I know this is true because I’ve seen it happen. The luck-changing precepts you are about to study – the thirteen techniques of lucky positioning – are not just wisps of gassy theory. They were not invented by a bearded shrink sitting in his study, puffing on his pipe. Instead, they are derived from direct observations of men’s and women’s lives.

The lucky and the unlucky: What are the differences between them? What do the lucky know, what do they *do*, that the unlucky don’t? Are they lucky because they have some special ways of handling life or because – well, just because they’re lucky?

I’ve been pursuing the answers to these questions for more than twenty years.

THE FACTOR NOBODY TALKS ABOUT

WE had better define our term before we go further.
So:

Luck (noun): Events that influence your life but are not of your making.

Such events – good luck and bad luck – are the main shaping forces of human life. If you believe you are in perfect control of your life, you are kidding yourself.

You owe your very existence to a chancy event that happened before you were born: the coming together of your mother and father. How did they first meet? You will almost certainly discover that it was by chance. Because of that random event, you are alive today. The random mixing of chromosomes dictated your sex, your size, the color of your skin and eyes, the shape of your nose, your predisposition to certain diseases, and a host of other factors that you had no control of; factors that have already influenced your life heavily and will go on influencing it until it ends.

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Other lucky and unlucky events have occurred, or will occur, during your lifetime. Events such as winning a million-dollar lottery prize; getting killed in an air crash; falling into a golden career opportunity through somebody you meet at a party; contracting cancer; stumbling into a life-changing love affair through a mix-up in theatre seats, losing your shirt in a stock market crash. Events of this nature can profoundly affect your life but aren't of your making; and all of them, hence, fit our definition of "luck."

Luck is one of the most important elements in men's and women's lives. Indeed, in many lives it is unequivocally *the* most important. Yet, strangely, people don't talk about it much. In fact, most people are like William Hoffman, the gambler, and his father, the coach: They are reluctant to acknowledge luck's huge influence.

It will be useful to take a brief look at this reluctance. You must clear it out of your way before you can begin the process of changing your luck.

Why do people deny the role of luck? For one thing, we hate to think we are at the mercy of random happenings. We prefer to stay snugly wrapped in the illusion that we control our own destinies.

Life seems safer when I can say to myself, "The future will happen as I plan it." It won't, of course. Deep inside, we all know it won't. But the truth is too scary to contemplate without an illusion to snuggle up against.

Another reason why we prefer not to discuss luck's role is that it diminishes us and steals our dignity. Go to your local library and pick up any stage or screen star's autobiography. How did this man or woman rise to such an exalted position?

The Factor Nobody Talks About

Why, by being smart, talented, courageous, and resolute, of course.

And lucky? You aren't likely to find the word mentioned.

What the star fails to emphasize is that he or she began the long climb in competition with thousands of other smart, talented young hopefuls. We don't know their names today because they didn't get the big break. Of all those deserving your aspirants, only one was lucky enough to be slinging hash in a diner when a great producer stepped in for a bowl of chilli.

Though it is usually obvious to any astute reader that the star's success was largely a result of blind luck, the star naturally does not dwell on that fact. You will hardly ever find a movie autobiography that says, "I'm really just an ordinary clod. I'm no more beautiful, talented or resolute than all those competitors whose names you don't know. In fact a lot of them would look better on a movie screen than I do." The only thing they didn't have was luck. Such a confession would diminish the star's luminosity.

The reluctance to talk about luck isn't confined to the theatrical business, of course. All successful people avoid diminishment in the same way. Business executives do it in explaining how they got to be chairman of the board. Military officers do it in recalling how they won great battles. Politicians do it in listing the things that went right during their time in office. Luck, if mentioned at all, is never emphasized.

You will never see a president of the United States standing in front of a TV camera and saying, "Well folks, nobody has the faintest idea of how it happened, but during my term at the White House, no new wars have broken out and the unemployment rate dropped. I'm one of the luckiest presidents you'll ever have!"

Nor will you ever hear a stock market speculator admit

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that his great killing, the one that made him rich, was the result of sheer luck. After the fact, he will construct a chain of reasoning to demonstrate how cleverly he figured everything out.

Still other reasons for denying luck's role lie embedded at odd angles in the Work Ethic, also known as the Protestant or Puritan Ethic. We are taught from kindergarten on that we're supposed to make our way in life by hard work, perseverance, fortitude, and all those grindstone things. If, instead, we make it by blind luck, we're ashamed to say so in public – or even to admit it to ourselves.

Conversely, if we are walloped by bad luck, our Puritan heritage encourages us to think it's probably our own fault. We are supposedly responsible for our own outcomes, whether good or bad.

“Character is destiny,” Heraclitus wrote some twenty-five centuries ago. Great stacks of plays, novels, movies, and TV dramas have since tried to prove the point. They haven't succeeded because it is unprovable. The best you can say of it is that, in some lives, it is half true. If I'm unlucky enough to be killed by a drunk driver on the highway, my destiny has nothing to do with my character. I might have been a saint or a sinner, a great philosopher or a bumbling nincompoop. None of that matters. My destiny has arrived. I'm dead.

Despite its obvious weakness, Heraclitus's aphorism survives, deeply embedded in our cultural consciousness. If things go wrong in your life, you aren't supposed to blame bad luck. Instead, you're supposed to look for the reasons inside yourself.

Those inside-the-self reasons may be pretty hard to find.

The Factor Nobody Talks About

Let's say you're unemployed. Why? Because the company you worked for went bankrupt. The debacle wasn't in any way your fault; it was just bad luck. But if you offer that as the reason for your jobless state, people will mutter behind your back that you are only whining or making excuses. They will suspect that the real reason for your joblessness is a personal flaw of some kind.

Or perhaps your hunt for a new job has been frustrated by prejudice based on race, ethnic origin, or age. That isn't your fault, either, it is just more bad luck. But if you say that's what it is, only a few will believe you.

We are culturally conditioned to deny the role of luck. The search for those elusive inside-the-self reasons even clouds our understanding of literature. All American and European kids (and for all I know, Russian and Chinese kids, too) get the "tragic flaw" theory of great literature laid on them in high school or college. This theory holds that in Shakespeare's tragedies or Dostoevski's novels or the epic poems of Homer, the heroes and heroines always bring their troubles on themselves through some failing of character. Teachers and professors insist that this is so, and many generations of kids have been given the same choice: agree or flunk.

The fact is, however, that you have to look pretty hard to find those "tragic flaws" that supposedly are behind the tragic happenings. There is no good evidence that either Homer or Shakespeare, for example, bought this goofy theory. In the *Iliad*, much of what happens is brought about by the manipulations of the gods – in other words, by good and bad luck that the human characters have no control of. Shakespeare's tragedies are similar. *Hamlet* opens with the hero in a fix because of events he had nothing to do with. It ends with nearly everybody dead by mistake – a blither of

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bloody blunders. It isn't a play about tragic flaws. It is a play about bad luck.

Why do English professors deny it? A good answer was offered recently by Phyllis Rose, a professor of English at Wesleyan University and no fan of the "tragic flaw" notion. Students are taught that the character flaw is a necessary ingredient of tragedy, Professor Rose wrote in *The New York Times*: "If the hero or heroine didn't have a flaw, it wouldn't be tragic because it wouldn't 'mean' anything. It would just be bad luck."

She added, wryly, "To convince students that bad luck isn't tragic must take some fancy teaching." But that is what is taught, and most people seem to buy the notion. And now, we have uncovered yet another reason why the role of luck in human experience is so persistently denied. Luck isn't "meaningful" enough. We yearn for life to have meaning. Acknowledging luck's role takes half the meaning out of it.

If I do wrong and come to a bad end as a direct result of my own wickedness or weakness, the episode is supposed to teach some kind of lesson to me and others. But if I'm peacefully walking along the street and get run over by a truck, nobody learns anything.

Life is like that much of the time: completely random and meaningless. Not only college English professors but all the rest of us are uncomfortable with that fact. But it is a fact you must look square in the eye if you want to do something about your luck.

The first step toward improving your luck is to acknowledge that it exists. That brings us to the First Technique of Lucky Positioning.

PART
TWO

*The Techniques of
Lucky Positioning*

WHAT are the differences between the consistently lucky and the unlucky? Are there *reasons* why some men and women seem to get all the good breaks, while others get few or none?

The answers come from studies of more than one thousand adult lives. It turns out that lucky people characteristically organize their lives in such a way that they are *in position* to experience good luck and to avoid bad luck. There are thirteen principal ways in which the lucky do this. Not all of them practice the techniques consciously, and very few practice all thirteen. With most it's six or eight techniques. But that is usually enough. If you look at the lives of the unlucky, by contrast, you may find two or three of the techniques in half-hearted use, but you are just as likely to find none in use.

If you want to improve your luck, study the thirteen techniques carefully. Not all the techniques may be immediately applicable in your particular case, but you will undoubtedly find you can apply some of them right away. Others can be held in reserve for the future.

Your life is about to change dramatically. Enjoy it.

THE FIRST TECHNIQUE

Making the Luck/Planning Distinction

PAULA WELLMAN is a veteran roulette croupier and “21” dealer. She has worked at several casinos in Las Vegas and Atlantic City. Occasionally, she gambles herself. She enjoys poker. But most of all, she says, she enjoys watching others gamble.

“I try to figure out what makes a winner or loser,” she says. “Some people do a lot better than average over the long run and some do a lot worse. What makes the difference? I used to think nothing did – I mean there was no explanation that made any sense; it was just the breaks. But when you watch as many winners and losers as I’ve seen over the years, you begin to see some differences in the personalities.”

What differences?

“Here’s one thing that stands out. When a loser loses, it’s because his luck was bad. When he wins, it’s because he was smart.”

We have arrived at the first great truth of luck control. If you want to be a winner, you must stay keenly aware of the role luck plays in your life. When a desired outcome

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is brought about by luck, you must acknowledge that fact. Don't try to tell yourself the outcome came about because you were smart. *Never* confuse luck with planning. If you do that, you all but guarantee that your luck, in the long run, will be bad.

Paula Wellman tells a story to illustrate the truth.

[It should be emphasized here that this isn't a book about casino gambling. It is about luck in all areas of human life. However, you will find gambling mentioned quite often, and the reason is this: Around the casinos, truths about luck are illustrated in a peculiarly stark, clear way. For the same reason, you will also find that the book contains many stories about the stock market and other great casinos where people deal daily with the distilled essence of luck. The book will make you a better casino gambler or stock market plunger if that is what you wish, but that is not its specific purpose. It is designed to make you luckier in *any* area of your life in which you need luck or have been seeking it. The Atlantic City and Wall Street stories are there only because they illustrate important points with such lovely clarity.]

Paula Wellman's story deals with a woman who came to Atlantic City to play roulette. She was a high school teacher, aged about forty, divorced and unrich. She thought she might supplement her teacher's salary by betting on the wheel. She had a *system*.

The idea of an infallible system for beating the wheel has engaged gamblers' attention for centuries. René Descartes devised a system in the seventeenth century and applied it to roulette-like games that were popular in those days in Paris and Amsterdam. He was too much of a skeptic to take the system seriously, and he quickly abandoned it when he saw that it could not work reliably. But thousands of other,

less clever gamblers – millions, perhaps – have pinned their hopes on systems of various kinds; and most of them, in the long run, have regretted it.

If it were possible to devise a roulette winning system that really worked, you can be perfectly sure the world's casinos would have learned about it long ago and would have changed the rules of play so as to make it inoperable. The casinos do encourage the myth that such systems are possible, for that lures suckers and their money. People believe what they want to believe. If you believe you can out-think the wheel, you can buy all kinds of “secret formulas” and other advice in the streets and bars of any gambling town.

Some roulette systems are based on occult phenomena: lucky numbers, astrological forces, and so on. Some depend on scientific-sounding rules, such as “the maturity of the chances,” by which you are supposedly able to get advance information about the order in which random numbers will come up. Paula Wellman's teacher friend rejected both those approaches as fallacious. She had something better. Or so she thought.

What she had was a system that governed when and how much she should bet. She thought she had invented it. In fact, roulette betting systems (also applicable to a lot of other gambling games) have been around since Descartes's day. They go by romantic-sounding names such as the Martingale and the D'Alembert. Though they differ in detail, all of them rest essentially on the idea of increasing the sizes of your bets so as to recoup previous losses. Thus, if you're down by ten dollars, you bet enough so that a win, if it occurs, will bring you back your ten dollars plus the amount of the new bet. If you lose again, you bet a still larger amount the next time around. And so on, with variations.

Foolproof, right? Yes, it does have that sound. The

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Martingale and the D'Alembert and their many cousins do seem alluringly logical when you first learn about them or re-invent them. You may scoff at astrology, and your good natural skepticism may make you wary of pseudoscientific notions about the maturity of the chances, but a construct like the Martingale betting system may appear to you strongly. It seems so sensible.

Thus it was with Paula Wellman's teacher friend. The very fact that she could reject astrology and other unscientific ideas gave her a special kind of confidence in herself. "I'm obviously not a gullible fool," she could say with satisfaction. "I've got a brain and I use it. I won't buy just anything."

However, the problem with Martingale-style betting systems is that they ignore two factors that turn out to be much more important than they seem. One is what gamblers call "strain," meaning the demand placed on gambling capital while one is waiting for a win. The other is the fact all casinos place strict limits on the sizes of permissible bets at each table.

The Martingale system will work tolerably well as long as you aren't subjected to a longer-than-average string of consecutive losses. When such a string occurs – as it must, sooner or later – the system collapses.

Or to put it another way: *The system works when you are lucky.*

A Martingale-style betting system therefore, is not that different from systems based on astrology, lucky numbers, dream interpretations, the maturity of the chances, or omens read in tea leaves. *All* will work or appear to work sometimes – when you are lucky.

Paula Wellman's teacher friend applied her system at the wheel one night and was lucky. She won. Unfortunately for

her, she did not understand clearly *why* she had won. She believed it was because of her system.

She tested the system again on the following day and won again. And as before, she gave credit to the system instead of to luck. She began to think the system might be infallible.

Full of confidence, she withdrew a large amount of new gambling capital from her savings account. She took the money to a wheel where she could play for high stakes and lost every dime.

She was astounded. How could an infallible system fail?

It took her a long time to understand what had happened to her. The system had never really worked at all. It was certainly not infallible. Her early wins had been generated by luck, and finally, that good luck had run out. It was that simple – and, because she did not understand it at the time, it was that disastrous.

We will return later to the phenomenon of streaks and runs of luck; a phenomenon so puzzling and so desperately important in human life that we will need to consider it from several different angles. For now, the point to be appreciated is that every run of luck *must* end sooner or later. This is sad but not necessarily dangerous. When you enjoy a winning streak, you are safe as long as you see clearly what part of it was brought about by planning and what part by luck. The roulette-playing teacher strayed into danger when she ignored the role of luck. She thought her winning streak was strictly the result of planning. Believing that, she was not prepared for the streak to end.

The same kind of disaster befalls investors and speculators around Wall Street every day. Typical sad story: An investor comes into the market with a *system*, more than likely picked up from one of hundreds of newsletters and advisory services

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that are hawked in publications like the *Wall Street Journal*. For a couple of months or maybe a year or two, the system seems to work. The investor gets richer. “Hey, wow!” he exults. “I’ve found the secret! How smart I am!”

That is a dangerous thing to think. For the truth is that this super system has been working only because the investor has been lucky. In time, that good luck is bound to run out; but the investor refuses to consider such a possibility. Believing himself to be winning because of his superior intellect, he speculates less and less cautiously. Finally – *crash!* – his house of cards collapses around his ears.

And it doesn’t happen only to individual men and women or only to beginners. It happens to the big boys, too. All of them are at the mercy of luck, and most of them refuse to admit it.

Take Standard and Poor’s Corporation as an example. S&P is one of the oldest and most respected names in and around the Street. It publishes a weekly newsletter of investment advice called *The Outlook*, in which it says what its experts believe will happen on the stock market in months ahead. Subscribers are told what stocks they should buy and sell, when and why. The advice sounds very solemn and sensible. S&P itself often seems to lose sight of the fact that the rightness of its predictions is determined to a large extent by luck; and if S&P forgets that, undoubtedly many of the subscribers do too, particularly the newer ones.

S&P was unlucky in 1984. In January of that year *The Outlook* forecast that the S&P 500-stocks index (one of the Street’s most widely followed indexes of stock prices) would end 1984 “more than 20% above the current level.” The guess was grossly over-optimistic. What actually happened was that the S&P 500 index finished the year virtually unchanged, while other big indexes such as the Dow dropped a bit. For

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most investors, it was a so-so year to own stocks. Contrary to S&P's glowing prediction in January, you would have been better off keeping your money in a savings bank – or a pillowcase.

Did the bad forecast indicate that S&P was dumb? No, just unlucky. What *was* dumb was to leave luck out of the forecast. It should have been worded so as to make it plain that luck played as big a role in its outcome as analytical thinking. "We believe," it should have said, "that if we are lucky, the S&P 500 index will end the year up 20%."

S&P did not promise, of course, that its forecast would turn out right. Under the Securities & Exchange Commission's rules, financial advisers are forbidden to make guarantees. Even if they have enjoyed a string of lucky hits, they are required by law to warn subscribers that past successes may not be repeated in the future. But such warnings are never emphasized enough. The emphasis is always on the analytical thinking, not the luck. A subscriber, particularly a neophyte, can too easily be lulled into a sense of security that is entirely without foundation. "Oh boy!" the new investor thinks "S&P says the market will go up 20% this year! This S&P is a company loaded with veteran financial thinkers. If *they* say something will happen, I can count on it!"

So the investor puts his or her life savings into the stock market. Bad luck intrudes, and everybody goes down the drain.

What new investors don't realize and even veteran investors forget is that bad luck can as easily strike the Street's greatest analysts as anybody else. It doesn't matter how astute S&P's thinkers may be or how many Harvard Business School degrees they may boast. Bad luck can hit them as readily as it hits you or me.

If you want further proof of this, look at Wall Street's

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mutual funds. In case you aren't familiar with them, a mutual fund is essentially a public money pool, designed especially to help new and inexperienced investors reap the alleged benefits of stock and bond ownership. If you have a little wad of capital and lack the experience, the confidence, or the time to play with it yourself, you buy shares in a mutual fund. The fund's managers then invest your money for you. You pay for the service, of course.

What do you get in return? Well, here's the sales pitch: You get high-powered investment thinking, the fund's sales brochure will tell you. Instead of floundering about in the market on your own, you put your financial well-being in the hands of Wall Street veterans who will always know the best thing to do.

The brochure and the honey-voiced saleswoman who phones you will make it sound like very nearly a sure thing. How can you lose? If these high-powered fund people can't make money on the market, nobody can!

Or so they try to tell you. What the brochure and the saleswoman don't say is that these vaunted financial thinkers are fully at the mercy of luck. It won't matter how carefully and with what marvellous logic they plan your financial future. If luck turns against them, you will lose your money just as easily as if you were blundering around on your own.

Turning back to the gloomy year 1984 for some examples, let's see how you would have fared if you had bought mutual fund shares that January. It would have depended, of course, on luck. Some fund managers (and their shareholders) were lucky in 1984, while others weren't.

The luckiest were the managers and shareholders of the Prudential-Bache Utilities Fund, which, as its name says, concentrates on investments in public-utility securities. According to Lipper Analytical Services, which monitors

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fund performances every year, Prudential-Bache won the 1984 sweepstakes with a very respectable gain of 38.6%. For every dollar you might have put into this fund at the beginning of 1984, you would have ended the year with nearly \$1.40.

The unluckiest shareholders, according to Lipper's tabulation, were those of the 44 Wall Street Fund, which specializes in more speculative flyers in small, high-technology companies. The shares of this fund lost 59.6% of their value during 1984. For every dollar you put into it in January, you would have ended the year with 40 cents.

Does this mean the Prudential-Bache people are smarter than the 44 Wall Street people? Is their planning sounder? Their thinking more astute? Not necessarily. It does mean that, in 1984, the managers of the Prudential-Bache fund were luckier. In that year, for a thousand different reasons, the investment community as a whole felt optimistic about utility companies so those companies' share prices rose. As a result, shareholders of the Prudential-Bache Fund ended the year with a nice Christmas present. But 1984 was a year of pessimism for the kinds of companies 44 Wall Street likes, so that fund's shareholders ended the year poorer than they wished.

Luck – that's all it was. There is no explanation that makes more sense. There is no reason to suppose the managers of the Prudential-Bache Fund are smarter as a group than those at 44 Wall Street. When mutual funds are hiring talent, they all scoop from the same pool. Every fund has on its staff some smart people and some dumb people. No fund will admit that it hires dumb people, but of course all organizations do. You can assume, therefore, that all large mutual funds are about equal in their general level of brightness and talent.

They differ in their approaches to investment; but no

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approach, viewed dispassionately, is measurably smarter than any other. The differences in their yearly results stem largely from one factor, one alone. In any given year, some are luckier than others.

Now let's see what this knowledge does for you. How valuable is it to know that your fate in a given venture is going to be determined largely by luck?

The value is enormous.

We won't hang around Wall Street much longer, but let's take a last brief look at those mutual funds. Let's suppose you are the kind of person who ignores or denies the role of luck in money ventures. Some time in 1985 you chance to read about those 1984 mutual fund results. You note Prudential-Bache's gain of nearly 40% in its share value. "Wow!" you say. "These people are obviously smarter than the rest. They've got the stock market figured out!"

The state of having something figured out is presumed to be a permanent state. If it's figured out now, it will be figured out tomorrow. If Prudential-Bache was smart in 1984, the smartness will carry into future years. Or so you believe. You bet your wad on it. Bad luck enters the picture, and – *whomp!* – you end on your financial behind, wondering what happened.

Ignoring the role of luck is a recipe for bad luck. In fact, the tendency to make this mistake is one of the most notable characteristics of the chronically unlucky: life's losers.

But when you clearly see how luck affects a given situation, then you become strongly aware that the situation is bound to change. It can change radically, rapidly, without warning, in unpredictable ways. You cannot know what the change will be or when it will happen, but you can be perfectly sure

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it will happen sooner or later. The one thing you cannot expect is the very thing the loser does expect: continuity, a repetition of yesterday's events.

The loser's problem lies in the inability to make the crucial distinction between planning and luck. In the case of a mutual fund, it is *other people's* planning we are talking about. In the case of Paula Wellman's roulette-playing friend, what tripped her up was a mistaken conclusion about her *own* planning.

Either way, the unlucky mental process is the same. The process begins when a good result occurs once or a few times. The loser studies it, ascribes it to planning, and concludes that the same planning will produce the same result in the future. And the loser loses again.

The lucky personality avoids getting trapped in that way. This isn't to say he or she avoids taking risks. Quite the contrary, as we will see later. What it does mean is that the lucky personality, entering a situation and perceiving it to be ruled or heavily influenced by luck, deliberately stays light-footed, ready to jump this way or that as events unfold.

The lucky approach is to say to yourself, "Okay I'm going to get into this risky situation—this roulette game, this mutual fund investment. But I am not operating under the delusion that planning will make it turn out my way. I see luck looming large in it, so I will be careful not to let myself grow too confident and relaxed. I will expect rapid change. I won't make large, irrevocable commitments. I'll stay poised to bail out the minute I see a change I don't like."



There are of course many kinds of ventures in life that are not as heavily influenced by luck as are gambling and stock market investments. Planning may be more important than

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luck in much of what you do. The trick is to know what kind of situation you are in at any given time. Can you rely on your own or others' planning, or will the outcome be determined by luck?

To take a simple and familiar example: Driving a car is a situation in which you can generally rely on planning. You almost always get to your planned destination. True, bad luck can upset your plan. You might be hit by a drunk driver before you get where you're going. But the likelihood of such a random occurrence is not great. The situation is one in which planning clearly rules over luck, ninety-nine to one.

A somewhat more complex example is a sports event. I once watched the great Billie Jean King play tennis against an amateur in a charitable fund-raising event. In this case, the outcome was determined almost entirely by Ms. King's planning. She won the game because she *planned* to win. She had been perfecting her game ever since she started playing under professional coaching as a grade school girl. Only by the most unlikely stroke of luck could an amateur have beaten her. Thus, the influences on that game were just about the same as those on driving a car: 99% planning, 1% luck.

But a week later, Ms. King was back on the pro tournament circuit, struggling against players like Chris Evert Lloyd. Now the luck/planning ratio was more like fifty-fifty.

It is essential to arrive at some idea of this ratio in the important ventures of your life. Your career, your marriage if you're in one, your investments. Obviously, you won't be able to arrive at precise numbers: 57% planning, 43% luck. To attempt that would be silly. But you can develop a general awareness of luck's relative influence in your life's various situations. It may not be precise, but it is bound to be useful.

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In studying the more complicated of your life situations – career and marriage, for example – you are likely to find that luck’s influence is larger than you ever allowed yourself to believe. Finding this out can be a shock. But cheer up. The very act of finding it out can automatically improve your luck.

Consider the career adventures of Wendell R. Osborne, for instance. Osborne is an executive of a building-products company. His age is about fifty-five. Twice during his life – the first time in his late thirties, the second time in his forties – he found himself out on the street without a job. The first time, the experience devastated him; the second time, having become a student of luck, he was hardly troubled at all. Indeed, he was able to use the experience to his own advantage.

I met him at the Forty-Plus Club of New York, where he turned up during that second tour of joblessness. I had gone there specifically to collect some stories and wisdom about luck. The Forty-Plus clubs, which exist in major American and European cities, are in business for the sole purpose of helping middle-aged men and women find jobs. If you are over forty, have lost an executive-level job, and are having trouble finding a new one, you join a Forty-Plus club. The club gives you general job-hunting help, special help in battling age discrimination, and—most important—a boost in morale. All the members are men and women between jobs. As soon as you land a job, you leave. It is an excellent place for hearing tales of good and bad luck.

Wendell Osborne told me his story. As a young man he joined the old Rath Packing Company, a big Iowa producer of processed meats. An older executive took a fatherly liking to young Osborne, helped him get some special training, maneuvered him into a production-line foreman’s job, and then into a junior managerial position.

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“I was good at what I did,” he reminisced later, sitting comfortably in a sagging old armchair at the Forty-Plus Club. “I really was good at task management: making plans, foreseeing problems, motivating people to get the job done, all that. I was so good at it that I lost sight of the other strong forces in my life. I lost sight of luck.”

Today he sees clearly that at least half the credit for his early success was due to luck. He would not have moved upward so fast – indeed, perhaps would not have moved upward at all – were it not for the older man who became his mentor. How did he happen to meet that older man, and how did their mentor-protégé relationship become established? Purely by luck: a chance meeting under the right circumstances in the parking lot. Young Osborne had helped the older man change a flat tire. Osborne’s very presence in the parking lot at that particular time was itself a fluky circumstance, for he did not himself own a car and was walking across the lot “for no special reason; I was just ambling around.”

At least half the credit for his career success, therefore, could be assigned to the trivial detail of a rambling walk – a chance turn in one direction instead of another. Thinking about his early career today, Osborne can identify other turning points at which luck played an influential role in the same way. But back then, he gave no credit to luck. He thought he was rising in the business world because of his managerial skills alone.

Like Paula Wellman’s friend analyzing roulette outcomes and like a neophyte investor studying mutual fund performances, young Wendell Osborne thought of the major influences on his life as permanent. He had his managerial skills today; he would have them tomorrow. His tomorrows, therefore, were secure.

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That was what he thought.

But the old Rath Packing Company ran into unforeseen economic changes that were eventually to cause its death. With shocking suddenness, a robust company started to come apart. There were plant closings, curtailments, mass layoffs. In the executive offices, frightened men and women fought and clawed for survival. Young Osborne's mentor was forced into early retirement, and a short time later, Osborne himself, no longer protected, was out on the sidewalk.

He was stunned. He did not know what had happened to him. He had had his life all planned. His security had seemed guaranteed. How could his Life Plan have fallen apart so abruptly? He still had the same skills today as yesterday, didn't he? Then how could it be – *how?* – that the security he had enjoyed yesterday was gone today?

These were the anguished questions that the unlucky young man asked himself. In time, he understood the answers – and never forgot them.

He found a new job in time – but only after going through a lot of personal pain and coming to the brink of personal bankruptcy. He resolved never to let himself become that vulnerable again. When he started his new job – with a medium-sized manufacturing company in New Jersey – he kept his eyes wide open and observed the quiet workings of luck in his career.

As had happened at Rath, he moved upward fast. He was good at what he did, and when luck put him in the right places at the right times, he was able to take advantage of the situation. But he never repeated his previous mistake. He recognized his skills as valuable, but he did not delude himself into thinking that his rise was brought about by skill alone. "I'm where I am partly because of good luck," he kept

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reminding himself. “But luck can change. Luck is lifting me up today. *Tomorrow it may drop me.*”

With this reminder constantly in front of him, he prepared for the day when his luck might change in unknowable ways. The day might never come, but he acted always as though it would be tomorrow. Even when his career seemed to be going just right, even when he could have been feeling unassailably secure, he refused to let himself relax. He continually explored possibilities for other jobs. He questioned friends who worked for other companies. When an executive recruiter approached him with a feeler involving a job in Europe, he didn't turn the man away with a “No, I'm happy where I am.” Instead he went out of his way to befriend the recruiter, made a point of re-establishing contact with the man once or twice a year.

“I always knew exactly what I'd do if my job disappeared,” he recalled. “I knew just what phone calls I'd make, what letters I'd write. I even looked into the Forty-Plus Club. Most people don't do that until *after* they've been kicked out in the street. I did it while I was still employed and feeling secure.”

Finally, it happened to him again; he lost his job. He says little about the cause, except that it involved a costly error of judgment made by a senior executive. The blame sifted downward and landed on the shoulders of Wendell Osborne, now in his late forties.

It was the kind of bad luck that can hit anybody in a business organization. It was unpredictable. But in a way Osborne *had* predicted it. He had kept telling himself his luck could change.

And when it did change, he was ready. The normal length of stay in the Forty-Plus Club is about three months. Wendell Osborne had three job offers within two weeks.

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The job he accepted came with a nearly 50% increase in salary.

Wendell Osborne and Paula Wellman's friend got into trouble by mistakenly thinking that certain good outcomes were brought about by good planning. The obverse also happens, though not as often: Knocked down by a bad outcome, the unlucky personality ascribes the loss to personal failings, ignoring the role of bad luck.

This is the "tragic flaw" theory, which we looked at briefly in an earlier chapter. For unknown reasons, literature teachers are in love with it. Nothing bad ever happens because of bad luck, according to this theory. Whatever went wrong for Hamlet or poor old Macbeth, supposedly, it was their own fault. Similarly, if you lose your job in a corporate upheaval, your spouse in a marital dispute, and your life savings in a stock market crash, the postulated reason is that you have some kind of tragic flaw.

Don't you buy it. That kind of thinking leads to unnecessary discouragement: "What's the matter with me?" In all likelihood nothing is the matter. You've just been hit by ill luck, that's all. Pick yourself up and try again.

The "tragic flaw" idea is good fun to toy with in a high school English class, but it has little relationship to real life. In real life, good and bad luck rule just as often as skills or flaws. When misfortune strikes, examine the event dispassionately. Maybe it was wholly or largely your fault. Maybe you did something dumb or lacked some skills that might have saved you. On the other hand, maybe the event was ruled 90% by luck. If so, don't be ashamed to say so.

Dr. Nancy Edwards, a New York psychotherapist, says it is characteristic of some of her most troubled patients to blame

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themselves for events that aren't really their fault. In many cases these are people who seem to have been dogged by bad luck all their lives: chronic losers. Dr. Edwards does not use that term, but it is clear she is describing a type of man or woman who would never make it in Atlantic City or on Wall Street.

For instance, one patient, a woman in her forties, had a long history of downward mobility in her career. She would work at a job for a year or two, get hit by some kind of bad luck, blame some failing in herself and quit in a spasm of gloom and discouragement. Then, believing herself incapable of handling a job on that level of difficulty, she would seek a new job lower down the scale.

Her problem was, in one sense, the opposite of Wendell Osborne's. He failed to recognize the role of good luck in his early success, and Dr. Edwards's patient failed to recognize the role of bad luck in her job difficulties. But both were making the same fundamental mistake. Both looked exclusively inside themselves for explanations of what was happening to them. That is a recipe for bad luck.

The lucky personality looks outside as well as inside. Admittedly that isn't always easy to do, for it argues with some of our most cherished old Work Ethic preachments. We are told in school, in church, and in management-training seminars that we are the shapers of our own lives and the authors of our own outcomes.

But you should not believe it. It is nonsense. The first step in controlling your luck is to recognize that it exists.