

STAKING PLANS

Whole books have been written on the subject of staking plans. This is an article and not a book and have therefore attempted to cover staking plans at the high level only.

Many people think that there is such a thing as an 'ideal' staking plan regardless of which selection system is used. Well, there isn't. We'll soon see why.

Many people think that there are good staking plans and that there are bad staking plans. To some extent, this is true, but only to some extent. We'll see why this is in a moment.

Many people think that for every system, there is an ideal staking plan. Well, that isn't the case and, there are staking plans that are totally inappropriate for some systems. Again, we'll see why this is in a moment.

Before any staking plan should be considered, it is necessary to calculate the Longest Losing Run (LLR) for your selection system. The LLR of a selection system is given by the formula:

Log(number of bets)/ - Log(1 – strike rate), where the strike rate is in the form of a decimal.

For example, let us suppose that we are going to place 1,000 bets using a system with a strike rate of 31% and we wish to determine how long the LLR is that we are likely to encounter.

The LLR = $\text{Log}(1,000)/ - \text{Log}(1 - 0.31) = \text{Log}(1,000)/ - \text{Log}(0.69) = 3/0.1612 = 18.61 = 19$ (rounded up to the next whole number).

Therefore, if 1,000 bets are placed using a system with a strike rate of 31%, we can expect to encounter a losing run of no more than 19 bets. Any staking plan which doesn't allow for encountering the LLR for a system will cause the betting bank to be completely lost when the LLR is encountered. For example, let's consider a staking plan that advocates placing 10% of the betting bank on each selection. Such a staking plan will only allow for a losing run of 10 bets. When 10 or more consecutive losing bets are encountered, the bank will be completely lost. Such a staking plan is therefore completely inappropriate for a system with a LLR of 10 or more. Whatever staking plan is chosen, it must leave sufficient funds in the betting bank to recover the losses after encountering the LLR. If it doesn't, it is an inappropriate plan. But, is it this simple?

Well, actually, no.

Let's suppose that we again place 1,000 bets using a selection system with a 31% strike rate. It is highly unlikely that we will encounter more than 19 consecutive losing bets. However, there is nothing to prevent us encountering 18 losing bets followed by a winning bet followed by another 18 losing bets. For this reason, I have a golden rule: A staking plan should, at the very least, allow for encountering twice the selection system's LLR and still have sufficient funds left in the bank in order to recover the lost funds. Any staking plan which does not allow for this should not be entertained. In our case, the LLR is 18.61. Therefore, a suitable

staking plan must allow for at least $18.61 \times 2 = 37.22 = 38$ (rounded up to the next whole number) consecutive losing bets. At this stage, any staking plan that allows for this is suitable. However, assuming that there are a number to choose from, how do we decide which is the best staking plan for our system?

Well, assuming that the staking plan allows for a losing run of at least $2 \times \text{LLR}$, there is no such thing as the best staking plan for a given system. It's all about personal choice.

The best way, I think, to discuss this issue is by way of these two extreme examples:

Let's suppose that we have a staking plan which advocates placing no bets whatsoever. In this case, the risk to our betting bank is zero. However, so is the reward (profit) since we will never actually place any bets and therefore never win any money.

Now, let's consider an example from the other end of the risk spectrum. Let's suppose that we place all of the contents of our betting bank on every selection. Given that the greater the stake, the greater the reward (profit) and, we cannot place more money on a selection than we have in our betting bank, the highest reward (profit) occurs when we place all of our betting bank on a selection. Therefore, the reward, under these circumstances, is at its maximum possible level. However, the risk to our bank is also maximised for there is no leeway for error. We must win every single bet.

From the above two examples, we can see that :

zero risk = zero reward

Maximum risk = maximum reward.

In the first case, we cannot lose our bank because we do not place any bets. In the latter case, it takes just 1 lost bet to completely lose the betting bank.

Now let's consider the case of placing half of the bank on each selection:

In this case, the reward (profit) is half of that to be gained by placing the whole of the bank on each selection. Also, in this case, two consecutive losing bets are required to completely lose the betting bank. In other words, the risk to the bank is halved, as is the profit.

Now let's consider the case of placing a quarter of the bank on each selection:

In this case, the reward (profit) is one quarter of that to be gained by placing the whole of the bank on each selection. In this case, four consecutive losing bets are required to completely lose the betting bank. In other words, the risk to the bank is one quarter, as is the profit.

Clearly, therefore, there is a relationship between risk and reward such that, for every increase in the reward that we desire, we must also accept a corresponding risk to our bank. The reverse is also true. If we wish to decrease the risk to our betting bank, we must also accept a corresponding decrease in the reward (profit). As we can clearly see, it is impossible

to decrease risk and to increase reward, irrespective of how much ‘smoke and mirrors’ are used. That is an inescapable fact of life.

All staking plans are a mixture of risk and reward.

In the case of very aggressive staking plans, the rewards are very high. But, the risks are also very high that the betting bank will be completely lost. In the case of very passive staking plans, the rewards are very low. But, the risks are also very low that the betting bank will be completely lost.

So, provided that your staking plan allows for at least double the system’s LLR that you are likely to encounter, it is adequate.

Whether a particular staking plan is right for you depends upon the level of risk that you are prepared to accept. If you consider that the staking plan is too risky, then it is not the correct staking plan for you and your system. The correct staking plan is the one that provides you with the level of risk that you are prepared to take for the level of reward that you desire.

I do hope now that you now fully understand my comments at the beginning of this article which were:

- There is no such thing as an ideal staking plan for all systems.
- There is no such thing as an ideal staking plan for a given system.
- Provided that the staking plan allows for twice the system’s LLR, then there is no such thing as a good or a bad staking plan.
- Once the system’s LLR requirements have been satisfied, the choice of staking plan is determined by the level of risk that the user is prepared to accept or, putting it another way, the level of profit that the user requires from the system.

As long as your chosen staking plan caters for a losing run of at least 2 x LLR, it is adequate. Once this requirement has been satisfied, then, it is a matter of selecting a staking plan that matches the level of risk that you are prepared to accept. If it does this, then you have the ideal staking plan for you and your system.

Before I end, I would just like to lay to rest one comment that I heard someone utter who, supposedly, had over 20 years experience in the gambling industry. He stated that even a system that loses money at level stakes will win if his personal staking plan was used. His comment, I can assure you, is complete and utter bollocks. If a system loses money when using level stakes, then it will lose money now matter what staking plan is used. In my humble opinion, that certain someone didn’t have 20 years experience in the betting industry, he had one year twenty times. And, even after one year in the betting industry, he ought to have known better than to have made such a statement.