This is Part 3 of our special five part Wagering Series. This part describes an organized approach for identifying and correcting problems, broken down into the three areas of handicapping, wagering and money management. The goals here are to learn to effectively classify favorites as legitimate, vulnerable or false, to identify the two most likely non-favorite candidates to win the race, to effectively select Key Horses and to make at least a $1 profit on a reasonably consistent basis when playing the “foundation wagers”.

If you have not read the first two installments, it would be a good idea to do so. See the box below. This overall Wagering Series is aimed at helping horseplayers who are losing money to move into the profit column and to help already profitable players do even better. We approach this by discussing ideas of how best to integrate your handicapping and wagering decisions.

Recap of Parts 1 and 2

Part 1 covered two main topics. The first was setting realistic expectations, so your definition of success is reasonable to attain. The second topic covered in Part 1, in some depth, was how to help unprofitable players “stop the bleeding”. The topic includes specific recommendations for a temporary approach to playing the races that
will help with efforts to work towards profitable play. This temporary approach has, as its primary objective, a simple $1 profit each day we play. Part 2 described the three critical handicapping skills we believe are important for every handicapper and absolutely essential for profitable play. Part 2 also described a simple handicapping process that will help develop these critical skills. Again, we suggest reading the first two parts of this Wagering Series.


**Introduction**

The primary aim of Part 3 of our Wagering Series is to introduce effective methods to accurately assess how you are doing so you can identify, address and fix problems. This includes identifying and then narrowing down problems into the three fundamental aspects of successfully playing the horses, specifically:

- Handicapping
- Wagering
- Money Management

The objective of every handicapper is (or should be) to get all three of these areas working well together so they can achieve profitable play on a reasonably consistent basis.

If you are following our temporary plan and achieving $1 or more in profit on most days, then you will be able to do one of the following:

1. Just keep doing what you are doing and enjoy playing the races in a fun, non-stressful way.

2. Keep doing what you are doing, but raise the amounts you wager to increase your profits.

3. Build on your success by moving on up the logical progression of wager types, learning, as you go, how to play profitably in each step up the progression. This will be a subject we cover in Part 4 of the Wagering Series.

Conversely, if you are not yet achieving the $1 profit objective on a consistent basis, you should not wager more or try to move up the wager progression unless and until
you identify and correct shortcomings that are keeping you from profitable play. To do otherwise would simply increase the size of your losses. Instead, you should work on identifying and fixing problems.

So again, this Part 3 of the Wagering Series will describe an organized approach for identifying and correcting problems. You will advance beyond this stage when you can effectively classify favorites as legitimate, vulnerable or false, when you can identify the two most likely non-favorite candidates to win the race, when you can effectively select Key Horses and, finally, when you can make at least $1 profit by playing two horses to win and/or by playing the Show Partial Parlay wager.

One final introductory comment before we get started: *This is not a “fun” newsletter. Most ALL-Ways newsletters have an element of fun. This newsletter does not. It focuses on processes and problem solving and, consequently, is a bit “dry”. However, the real fun comes when you have all of this working and can go to the track and play profitable on a routine basis.*

**Woulda, Coulda, Shoulda is Gooda**

Well, that’s kinda fun...sorta. The words “woulda”, “coulda” and “shoulda” are probably spoken more often than any other words related to wagering on horse races. And, almost always, these words are used in a lamenting way about opportunity lost. We believe anyone not using these words either has everything figured out and is making nice money at the track, OR is not making money and has virtually no hope of doing so. The fact is, horseplayers who are losing money at the track absolutely must learn something from every race if they ever hope to turn it around. And, they should learn both what DID work as well as what DID NOT work. In fact, we would change the words to “woulda”, “coulda”, “shoulda” and “didda” to add the “got it right” element.

Another fundamental issue when assessing your play is to determine if the problems you are having are due to the things you are doing or not doing, or if you are just experiencing the inevitable losing streak. It is also wise to not get overconfident when you run into the inevitable winning streak. Every horseplayer, professional and amateur included, goes through occasional losing streaks and winning streaks. It is just part of the game.
The Problem Solving Matrix

Remember, our objective is to get to the point where we are making at least a $1 profit on a reasonably consistent basis. And, the primary aim in this Part 3 of our Wagering Series is to introduce effective methods to accurately assess how you are doing and how to identify and address and fix problems. A good tool to use in your assessment activities is what we refer to as the Problem Solving Matrix. The matrix is shown below. Let’s examine the terms.

<table>
<thead>
<tr>
<th>The Problem Solving Matrix</th>
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<tbody>
<tr>
<td>Knowledge</td>
</tr>
<tr>
<td>Handicapping</td>
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<tr>
<td>Wagering</td>
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<tr>
<td>Money Management</td>
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**The Handicapping Row** covers the things a handicapper considers in evaluating and making a decision about each horse in the race. This includes the evaluation of each horse as well as assessing the interaction of the horses, particularly the effect of pace on the outcome of the race.

**The Wagering Row** covers the handicapper’s decisions regarding whether or not to play the race. And, if the race is playable, it also covers the handicapper’s decisions on what specific wagers to make and how to construct them.

**The Money Management Row** has to do with managing the size of wagers in relation to your bankroll and efforts to maximize bankroll growth, such as taking profits out of play. It also includes protecting your bankroll from being tapped out.

**The Knowledge Column** has to do with knowing what to do and what not to do.

**The Process Column** covers the steps you routinely follow when going from a list of horses to your final selections and wager decisions.

**The Discipline Column** addresses whether or not you are doing the things you know are correct and not doing the things you know are wrong.

If you have handicapping problems, it is important to determine what problems can be solved by increasing your knowledge, what problems can be solved by improving your handicapping process and what problems you can solve by simply showing personal
discipline. The same is true for wagering problems and for money management problems.

For the balance of this newsletter, we will be focusing mainly on the Handicapping Row, although we will make some comments about wagering and money management toward the end of the newsletter.

**Evaluating Your Handicapping**

In Part 2 of this Wagering Series, we described three critical handicapping skills. They are:

*Skill #1:* Classify the favorite as legitimate, vulnerable or false.

*Skill #2:* Select the two most likely non-favorite horses to win the race.

*Skill #3:* Select a Key Horse that is not the favorite.

There are several reasons why these three skills are so important. First, when you can do all three things well, you will be ready to effectively structure every type of wager available in horse racing. Second, tackling these three things in sequence makes for a very effective and simple handicapping process. Third, it is relatively easy to evaluate your success in each area and to pinpoint what is working and what is not working in your handicapping efforts.

Also in Part 2 we described a simple four step process to help you make your decisions regarding the three critical skills.

*Step 1:* Narrow the full field down to the contenders having a legitimate chance to finish in-the-money.

*Step 2:* Upgrade (+) and downgrade (−) each in-the-money candidate based on suitability to distance and surface, current form, class, speed and jockey/trainer handicapping factors.

*Step 3:* Evaluate the pace scenario in the race and identify which horses will benefit (+) and which will be compromised (−) by the pace.

*Step 4:* Look at situational factors that may help or hurt the horses. This includes things such as the horse making a double move in its last race or a horse going back to a track or surface or distance it likes or does not like, etc.
**Very Important!** In order to learn from every race, after the race is over, either at the track or later at home, you must identify what worked for you and what did not work for you. In order to do this, you need to know why you made your decisions in the first place. This means you should make notations of some kind on your handicapping papers highlighting the factors that influenced your decision on each horse. This handicapper uses a yellow marker for positive factors, an orange marker for negative factors, and makes notations with a red pen regarding pace and situational factors. If you do not know why you made a decision in the first place, you will have a very hard time evaluating your handicapping methods.

**Questions to Ask and Answer**

When evaluating your handicapping, think about “woulda”, “coulda”, “shoulda” and “didda”.

- Why did you mark a horse up (+)? Did it work?
- Why did you mark a horse down (-)? Did it work?
- What handicapping factors(s), if any, did you miss that would have improved your evaluation of the horse, both positive and negative?
- Did the pace scenario play out the way you thought? If not, was it something you missed?
- Did a situational factor influence the outcome? Did you spot it ahead of time or not?

Sometimes you will not be able to spot the reason(s) for a surprise. We have all looked at a surprise finish for a horse and said: “I still would not have picked this horse.” In these cases, just move on to the next race.

It is a good idea to break up your review into the three key handicapping skills. This will help you develop each individual skill.

**Classify the Favorite**

Keep in mind that the public’s favorite wins about 33% of the time, meaning the public is wrong about 67% of the time. Your job is to try to figure out ahead of time if the public is right or wrong. You do not need to have more winners than the public. You simply need to successfully pick different winning horses than the public.
There are actually two main categories of reasons why you might classify a favorite as vulnerable or false.

1. You see handicapping factors, pace scenarios or situational factors that indicate the favorite will not do as well as the public thinks it will. This is an interesting twist to your handicapping methods because you are not looking for reasons why a horse will do well, you are proactively looking for reasons why a horse, in this case the favorite, will not do well.

2. You see handicapping factors, pace scenarios or situational factors that indicate a horse, other than the favorite, will do better than the public expects.

These are two distinctly different handicapping tasks and should be evaluated as such. In both cases, however, you will have an advantage over the public if you have information that is not in the hands of the general public. This is where the unique information supplied by BRIS and the unique information included in ALL-Ways software can be a big help.

In addition to evaluating specific factors, pace scenarios and situational factors, you may want to keep a running score of the percentage of the horses in each of the three classifications that actually win their races. You would expect your “legitimate” favorite designees to win frequently, your “vulnerable” designees to frequently not win and your “false” designees to rarely win. Keeping track of these percentages will help you get better and better and better over time with this absolutely critical skill.

*Identify Two Non-favorite Win Horse Candidates*

While you are classifying the favorite, you will necessarily be looking for horses that may beat the favorite. Once again, be sure to write down notations as to why you selected these two non–favorite horses so you can go back after the race and see what did and what did not work. We believe a good goal to strive for here is for one of your two horses to win the race about 60% of the time. Remember that this excludes races where you think the favorite is legitimate, because you will usually pass the race. Sixty percent wins for 2–horse win betting is not an easy goal to hit. It will take some time and effort and on–going evaluation and improvement on your part to get there. The threshold for profitably playing 2–horse win wagers is probably in the 50% range, depending on the average win payoff. This should be an absolute minimum goal from which you can improve to a higher level closer to the 60% target.
Selecting a Non–favorite Key Horse

This is the last of the three critical skills and it is very easy to evaluate your handicapping and to measure your performance in this area. Simply select your non–favorite Key Horse, jotting down your reasons (handicapping factors, pace scenario, situational factors). After the race, go back and see how you did. A good goal to have here is for your non–favorite Key Horse to finish in–the–money somewhere in the range of 50% to 60% of the time. If you use your non–favorite Key Horse for your Show Partial Parlay wagers, you will want the horse to be going off at 4-to-1 or higher. These horses will finish in–the–money in the range of 40% to 50%. Most of the non–favorite Key Horses you select that are not for the Show Partial Parlay wager will have lower odds, probably in the range of 5-to-2 up to 4-to-1. That is the reason for the higher target of 50% to 60%.

There are a couple of specific problems you will most likely encounter when selecting a Key Horse and that you need to work to overcome. One is that you will often see your Key Horse come in 4th. Very often this is caused by an Early ("E") runner getting passed in the stretch or closers trying to come on from too far back at the 2nd Call. The other thing you will often see is described by another familiar set of words you hear at the track: “The horse didn't fire today.” This problem is often due to the horse's current form or the trainer's intentions, but it can also be caused by trip trouble, such as a late closer getting trapped behind a wall of horses. Knowing these potential problems in advance may help you get off to a decent start with this particular critical skill.

Summary of Evaluating Handicapping

In the area of “Handicapping Knowledge”, performing the evaluation described above will help you develop your knowledge about what works and what doesn’t work and under what circumstances. This is, we believe, the very best way to improve your handicapping knowledge. Doing it this way will give you a good opportunity to outperform the general public, the key to playing horses profitably. You can, of course, also improve your knowledge by reading articles and books. Indeed, they are valuable sources of information. But there is no substitute for going back and seeing where you were right and where you were wrong and what you missed.

In the area of “Handicapping Process”, the first thing is to make sure you have a process in place. You will be very hard pressed to play the horses well without an effective handicapping process. It is your process that determines whether or not you miss key handicapping insights in a race. You should be able to write down your
process in a very clear and concise manner. The simpler the process is the better. The two biggest problems handicappers have in the area of process are that they either do not have a consistent process or their process is too complex. When a process is too complex, it tends not to be followed.

In the area of "Handicapping Discipline", there are two things that cause handicappers problems. One is that they do not follow their process. The other is that they do not learn from every race. Handicapping horses and making effective wagers is not easy. It is even more difficult if you are playing multiple tracks, which is the case for many if not most players. There is a great tendency to lose discipline and take shortcuts through the handicapping process and to not go back and evaluate what worked and what did not work. Again, successful players have the discipline to follow their efficient handicapping process and they have the discipline to learn something from every race.

Some Thoughts Regarding Wagering

From a knowledge standpoint, you need to know when to pass and when to play a race and how to structure the wagers you make. If you are not winning your wagers a reasonable percentage of time, chances are you are playing races you should pass or you have some handicapping issues. If the payoffs for your wagers are on the low side, chances are you are playing races and/or wagers you should not make. Remember, most races with a legitimate favorite should be passed.

From a process standpoint, you should know before you go to the teller window, or the automated teller machine, exactly what you want to bet and exactly how you want to structure the bet. No matter how well you handicap, if you do not give considerable thought to your wagering, you will have a hard time playing profitable. The last thing you need is to have a teller or the person standing in line behind you pressuring you while you are still trying to decide how to wager.

From a discipline standpoint, this is redundant, but you need to pass some races and you need to plan your wagers before going to the teller window. Still another problem with discipline is to bet with a lot of wishful thinking. Wishful thinking causes wagers to cost too much, to pay too little and to pay too infrequently. If you do not have conviction about your handicapping of a race, it is better to pass. And remember, in this special Wagering Series, the goal is to make at least $1 profit on a consistent basis. You do not need to “hit a home run.” That can come later when you are ready to move up the logical progression of wagers. For now, it is best to keep your eye on the $1 profit objective.
Some Thoughts Regarding Money Management

By far, the biggest problems a handicapper will experience in the area of money management will be in the area of discipline. This includes having the discipline to take some profits out of play and the discipline to not lose your profits or exaggerate your losses with large bets at the end of the day.

There is one particular approach followed by some players that we flat out disagree with. Some players set a profit objective for a day and stop play when they hit their objective. Just like in the stock market, we believe a better strategy is to “limit your losses and let your profits run”. When there is a good opportunity, you do not want to miss it because you have already hit your profit objective. It is better to just take some of your profits out of play in order to lock in some profit. On the other hand, if you are having a bad day, it may well be best to stop play to limit your losses.

Summary

The fact that you are reading this newsletter and, hopefully, prior issues as well puts you head and shoulders above the general public. The typical “general public” fan goes to the races, has some fun and generally lose a little money. In pari-mutuel wagering, of course, serious players are trying to outperform the general public in order to win the money the general public loses. The way to do this is to have better data than the public and to do a better job of handicapping, wagering and money management. We hope this newsletter gives you some good ideas for evaluating and improving your performance. We already know you are motivated to do so.

What’s Next

Coming up: Wagering Series Part 4 of 5: “Moving Up the Logical Progression of Wagers”

This Part 4 of Wagering Series covers three items: First, it presents recommendations for the next steps to take depending on how well you have done up to this point based on the first three parts of the series. Second, it describes a new type of “foundation wager”, the Win/Insurance wager, to use while striving for reasonably consistent profitable play. Third, it covers the subject of moving up the logical progression of wager types and staying profitable as you do so.
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