

The Wealth Perspective

BY ANDY McCLUNG, CFP®

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Andy McClung, Certified Financial Planner®, owner of Maximum Wealth Management Inc., an advisory services firm with over \$40,000,000 under management.

Problem vs Solution

Albert Einstein is often credited with the following idea. If you had 60 minutes to solve a problem and your life depended on it, it would be wise to spend 55 minutes on the problem and 5 minutes coming up with a solution. This can be a very profitable exercise in the world of manufacturing where any misstep can cost millions in lost profit and efficiency.

Toyota motors went through an exercise with what it called “The 5 why’s” to get at the root an issue. It can work like this. My tire is flat? Why is it out of air / Why it has a leak / Why its bead is not sealing / Why its wheel is not symmetrical / Why the gauge on the wheel tester let it pass based on minimum tolerance. By spending more time on the problem than the solution Toyota made themselves more efficient.

Framing the problem in the form of a question often works. Amazon built its entire enterprise around one question: “Shouldn’t people be able to buy anything anytime without leaving the house?” The Wright brothers: “Why can’t humans fly?” Edwin Land came up with the instant camera (Polaroid) because his daughter asked him in 1943 after he took some photos “Why can’t I see them now?”. I am sure Steve Jobs asked the question why can’t I communicate better on the go. He and the company survived the failure of the Newton. In fact, when Jobs returned to Apple in 1998 the first thing he did was kill the Newton production. At some point between 1998 and now the question must have gotten reframed to “Why can’t I communicate better with my phone”. We all know what happened next. During WWI the question “How can I get closer to the enemy without getting shot?” In answer Ernest Swinton promoted the idea of an armored vehicle with conveyor belt-like-tracks over the wheels. Examples of this could fill an unabridged dictionary.

If you want to lose a lot of money, produce something no body wants. Ford’s Edsel is a fine example of producing something no one wants. If you are going to offer a service or a product and be successful, you darn sure should spend most of your time framing what problem you are going to solve. I remember my first computer, Apple 2. I needed to learn how to turn it into something useful. I struggled with it for along time until it finally became efficient. I spent many hours, days, months until the time spent getting the computer working with sufficient input output was worth the results. I wanted to throw the whole thing out the window many times, because it was just not efficient enough to justify the time spent.

In today’s world of huge data crunching companies, many can be more efficient and far less likely to come up with an unreliable solution or produce a product with no market. Google, Facebook and Amazon crunch data and are fabulously successful. If you want to be successful, you need to be good at identifying and spending a lot of time on the problem/question. Steve Jobs and Elon Musk are examples of gut instinct leaders/innovators. They are throw backs whose thinking is along the lines of “if I like it others will.” They either got lucky or had have great instincts, most likely both. Elon Musk’s TESLA has never spent a dime on marketing research. He does however spend a lot of time on framing the problem/question.

Problem solving technology and innovation have and will constantly improve our lives. One more reason to be thankful for the times we live in.

I hope everyone has a great holiday season and gets to be around old friends and family because that is the miracle and cure all in one.

Thanks,
Andy McClung CFP TM

Dan Carlton “the problem is the solution”/ Wikipedia / Sam Walker Wall Street Journal “the dying art of the big bet”

2019 Market Results

S&P 500	+25.30%
NASDAQ Composite	+30.60%
Dow Industrials	+20.25%
Russell 2000	+20.46%
Dow Global	+13.30%

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Andy McClung, CFP®
Maximum Wealth Management Inc.
295 Culver St., Suite C
Lawrenceville, GA 30045
PHONE (770) 381-7155
E-MAIL Andy@AndyMcClung.com
WEBSITE AndyMcClung.com