

DJIA 25,628 S&P 500 500 2,858 3-MONTH T-BILL 2.06% 10-YR TREASURY BOND 2.98%

The Myth of Innovation

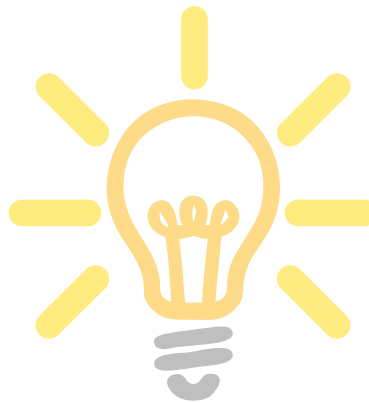
In 1879, Thomas Edison performed the first successful test of a commercially viable lightbulb. It supposedly took hundreds of failed trials before he settled on thin carbon bamboo strips. When later asked about his many failed attempts, he allegedly said “I have not failed 1,000 times. I have successfully discovered 1,000 ways to NOT make a lightbulb.” Almost 140 years later, we still associate this momentous event with the idea of innovation.

It’s questionable whether he ever actually said that pithy proverb, but there is wisdom that we can gain from Edison’s many failed attempts. It is easy to forget that the process of innovation is much longer and less glamorous than the major changes to a design and can include long stretches of trial and error.

In the following three decades, there were many improvements to Edison’s design. But after that, the major improvements slowed to a trickle, almost no changes to the basic incandescent lightbulb from 1925 until 2009 when the cheaper, more efficient LED bulb became dominant. It almost seems as if the engineers threw in the towel and moved on to more interesting technologies like the television or the internet.

This brings us to the mythology surrounding innovation: that we should only focus on the major advances in technology and design. But this ignores the decades of trial and error that are required before a breakthrough is discovered. Edison’s quote about

the ways not to build a lightbulb shows us that there is value in constantly questioning an idea, even if it turns out to be a failure. After all, how can we ever know if there are better alternatives unless we persistently ask what we could improve?



This is especially true in the world of finance. Every year, some revolutionary new product or investing idea comes along and makes time-tested principles look outdated. Once again, it’s easy to fall into the myth of innovation and think that “new must be better”. But this prevents us from realizing that the current way sometimes may be the best way.

For example, at Finkelberg Investments, we spend a great amount of time trying to think of better ways of investing only to circle back around to our current strategy. Does that mean we’re not innovating? Well, yes, in the sense that we very often do not come up with anything revolutionary. But once the process is finished, we believe the current method is the most appropriate method—at least until we come across our next lightbulb moment. And at the end of the day, that is much more important than new for the sake of new.

Happy Innovating,
Davis

This and That

David Mars Lunch

We were recently joined for lunch by our friends and clients, David and Anne Mars. A professional pilot, David brought an array of aviation memorabilia for us to see while he entertained us with stories from throughout his career. He also recreated for us his incredible experience hiking the Appalachian Trail. It was a fascinating tale of resilience and determination. David reminded us that in hiking the Appalachian Trail, as well as in life, you must always “hike your own hike.”



Medicare Seminar

This summer, we held our first Medicare seminar for clients in the area who are nearing Medicare enrollment age. Jimmie Bassett and William Sykes of Senior Care Plus educated us on the basics of Medicare and gave us all great advice about selecting Medicare plans and reevaluating our choices over time. Thanks to each of you who were able to join us. We plan to offer more seminars in the future, and we hope many of you can join us.



In honor of last edition's discussion of hindsight:



“Now let's talk about that disastrous business decision you made ten years ago. I want to see if your hindsight has improved since your last check-up!”

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Out of Town Visitors

J.G. of Vicksburg, MS
M.O. of Tryon, NC
W. and H.M. of Mexico City, Mexico
P.P. of Philadelphia, MS
J. and K.K. of Wesson, MS

Special Birthdays

100 F.F. of Natchez, MS
90 F.S. of Ellisville, MS

Look at all of these special anniversaries!!

70th: F. and F.S. of Ellisville, MS
66th: B. and N.S. of Jackson, MS
66th: W. and L.J. of Jackson, MS
60th: D. and F.G. of Madison, MS
55th: B. and S.N. of Jackson, MS
50th: B. and D.S. of Batesville, MS
50th: W. and B.S. of Dallas, GA
50th: J. and N.L. of Madison, MS
50th: H. and M.G. of Flowood, MS
50th: B. and V.V. of Jackson, MS
50th: J. and M.T. of Jackson, MS
50th: B. and M.R. of Brandon, MS

Until next time,

Arty Finkelberg, CFA, CFP®
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