



There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, March 1, 2013

Functional Fixedness

In an experiment a group of people were asked to fasten together two steel rings. They were given a long candle and a match box. All the people failed to do it as the melted wax was not strong enough to bond the rings

Now stop reading and think. Do you have any other idea to do it? Do not cheat.

The solution is to remember that a candle contains wicks. Wicks are threads which can be used for tying the steel rings together.

There is an old saying that when you have got a hammer in your hand, everything looks like a nail. Further we are reluctant to use some other tools, other than hammer, to nail. People get stuck thinking in habitual ways.

In psychology, this phenomenon is called "**Functional Fixedness**". Functional Fixedness is a cognitive bias that limits a person to using an object only in the way it is traditionally used. This is the number one creativity blocker. If you need creative solutions, you need to escape from the established way of thinking. Most of the time the pieces of the puzzle are just in front of you, but you just can't see it and put them together.

Trading is not different. It is a complex problem that can be very difficult to solve. Break it down to small manageable components and find ways to tackle it. Think different and use your imagination to find alternative tools and new ways to use existing well known tools.

People on board of the "Titanic" could have used the ice berg as their life boat for nearly four hours within which help arrived. Titanic was navigable for awhile and could have pulled aside the iceberg.

Posted by **SMART Trader** at 12:44 PM



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Gnanasekar March 1, 2013 at 8:41 PM

Nice one Ji
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SMART Trader March 1, 2013 at 9:54 PM

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