

Why do **successful companies have charismatic leaders, flat hierarchies, and risk-taking cultures?**

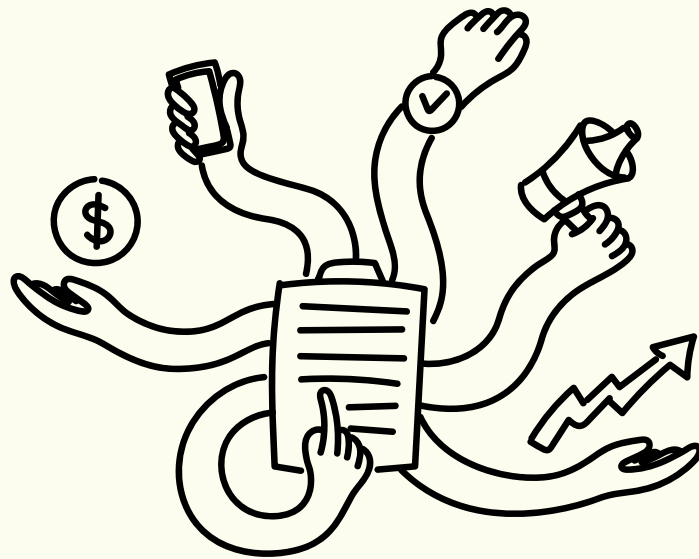
Is it because these traits made them successful?

Or because success makes everything look brilliant in hindsight?"

Swipe for more



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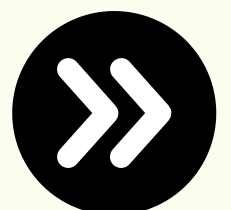
The Trait Trap

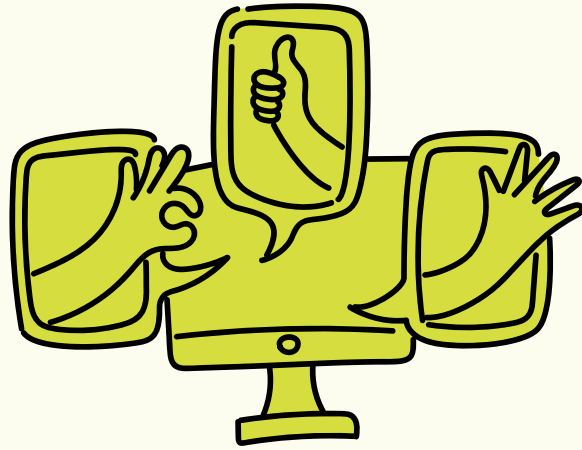
A tech giant offers free meals and nap pods. A smartphone maker obsesses over secrecy. A social platform moves fast and breaks things.

We study their traits and assume that's why they won.

But here's the trap everyone falls into."

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THE HALO EFFECT

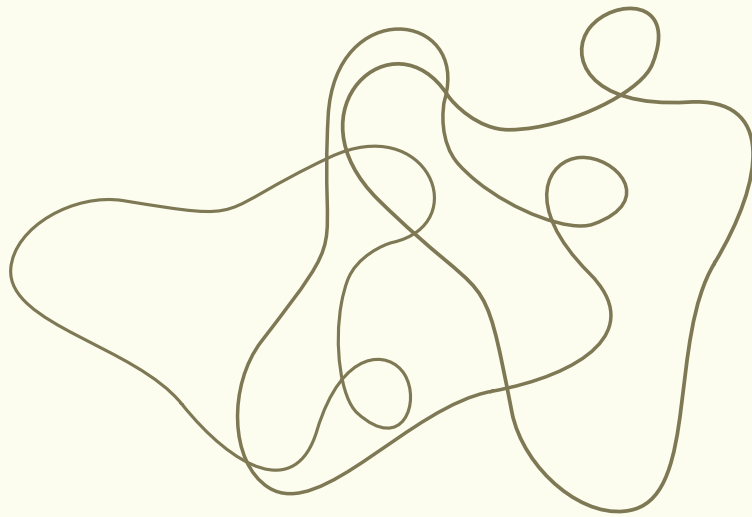
When companies succeed, we glorify everything they do. When they fail, we blame everything they did.

Same traits. Different outcomes.
Different stories.

This is the halo effect - and it clouds rationale thinking.



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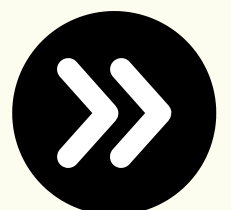
THE PATTERN WE SEE

Successful companies share traits:

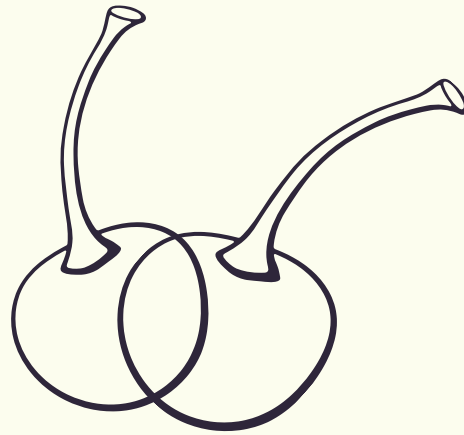
- Flat hierarchies
- Strong culture
- Risk-taking founders
- Customer obsession

So we conclude: Do these things →
Get success

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THE ANECDOTAL TRAP

But these are stories, not evidence.

We are cherry-picking traits from winners and ignoring thousands of failures with identical traits.

Sharp business minds and rigorous researchers avoid this trap.

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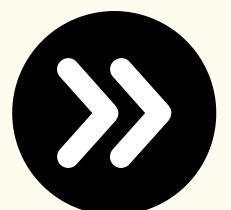


THE REAL QUESTION

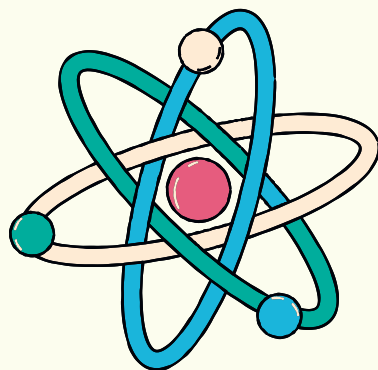
It's not: 'Do successful companies have this trait?'

It's: 'Does this trait CAUSE success, or just correlate with it?'

Three things could be happening...



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HOW RESEARCH MIND ACTUALLY STUDY THIS

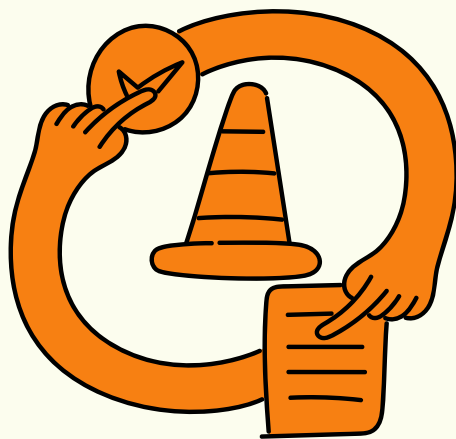
Few rigorous methods:

1. Experiments (test/control groups)
2. Time-series analysis (track what happens first)
3. Regression analysis (statistical controls)
4. Propensity matching (find statistical twins)

**What's common? They all CONTROL
for confounding factors**

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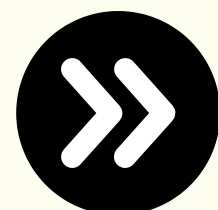


WHAT "CONTROLLING" MEANS

You can't just compare successful vs unsuccessful companies.

You must compare companies that are IDENTICAL except for the one trait you're testing.

Like testing fertilizer on plants with the same sunlight, water, soil and everything else than the fertilizer.



LET'S SEE ONE EXAMPLE

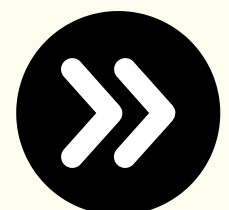
Question: Does an MBA increase entrepreneur success?

Problem: MBA holders are already wealthier, better connected, more experienced.

Solution: Find twins.

- Entrepreneur A: Has MBA, wealthy family, 10 years experience, tech industry
- Entrepreneur B: No MBA, wealthy family, 10 years experience, tech industry

Match on 15+ factors. Now compare their outcomes.



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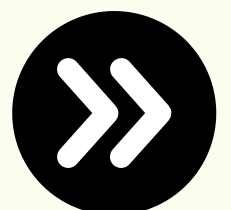
THE HARD TRUTH

Even with these methods, proving causation with certainty is nearly impossible.

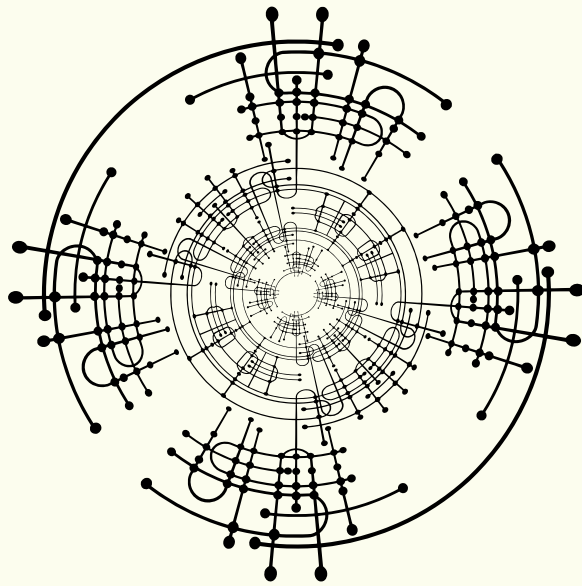
We're establishing PROBABLE cause, not absolute proof.

But this is infinitely better than copying traits from success stories

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WANT TO GO DEEPER?

Essential reads on rigorous thinking:

- '*The Halo Effect*' by Phil Rosenzweig
- '*The Signal and the Noise*' by Nate Silver

These dissect why most business insights misleads - and how to think more rigorously about causation.

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If you
find this
helpful, read
more on Github
and Contribute

<https://github.com/vtmade/research-edge-series>

