

# The CEO's Toolbox

A series of counter-intuitive tactics that help you increase market share, maximize profitability, and discover hidden opportunities.

<https://vladtseytkin.com>

## TOOL 5 SCIENTIFIC METHOD

We're continuing the exploration of the CEO's toolbox. The fifth tool is SCIENTIFIC METHOD.

One of the eight Trillion-Dollar Growth Trends, reported by Bain & Company for the next decade, is “everything the same, but nicer”. This is based on the fact that in advanced economies, a significant proportion of GDP growth comes from a broad range of incremental improvements to existing offerings.

You may wonder, isn't it always true?

Yes, it is, indeed. However, the novelty is that the economy has been advancing so far that this macro trend will be responsible for an estimated \$5 trillion contribution to GDP.

In comparison, another macro trend - new breakthrough technologies, including nanotechnology, artificial intelligence, robotics, and others - are estimated to contribute only \$1 trillion.

This practically means that to remain successful in the near future, companies have to master the art and the science of tweaking existing

<http://CEOsGuide.org> *The CEO's Toolbox - Tool 5 - Scientific Method*

products and services. Increasingly important over the last decades, this is now becoming essential. If they don't, they will be left behind by their competitors who do.

The inherent issue with tweaking anything is that you tweak it from something known into something unknown. So which direction do you take? You surely have some ideas, but what if you tweak and... it just doesn't work - now what?

We're dealing here with one of the biggest challenges: facing uncertainty. Entrepreneurial uncertainty is extreme. We never know anything in advance – with certainty, that is.

The most effective way to handle uncertainty is to borrow the approach from science. Discovering how to apply the scientific method to the world of business will enable us to handle business uncertainty like a boss.

If we only had one line to explain this tool, here is the line:

“When the facts change, I change my mind. What do YOU do, sir?”

You may ask, what does this have to do with science? You may also ask, what does this have to do with business?

This is how science discovers the nature of reality: making an assumption, which they call a hypothesis, and testing it. If it works, it's acknowledged as a fact. If not, it's rejected, and a new hypothesis is introduced.

In the world of business, when the strategy doesn't produce the desired results, before anything else, we acknowledge that this is normal. This is the risk and the uncertainty of the entrepreneurship in action. We simply reevaluate and fine-tune our approach, or introduce a new one.

But it only works in real life if we understand what assumptions we made to begin with. It's not that easy, because of the following two reasons.

First, people tend to take assumptions for reality, and panic when something doesn't work. Why do they panic? Because they are not skilled at recognizing assumptions. Without such a recognition, they can't figure out which assumption to challenge for the next iteration.

Second, the assumptions they make are implicit. Without verbalizing them clearly and distinctly, they are simply not aware of them. As far as they are concerned, they haven't made any assumptions!

This is the difference between success and failure in the new reality of business - to realize the inherent iterative nature of the business process. As such, a series of iterations has to be foreseen and devised, as well as budgeted for.

Understanding and being skilled in this process gives you a unique advantage and enables you to consistently generate novel ideas and opportunities, and most importantly, drive them to success.

**For in-depth coverage and examples**, see "Superior Economic Performance & Profitability" by Vlad Tseytkin.

I'm inviting you to a conversation: <https://vladtseytkin.com/contact>

Yours truly,

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