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Follow intuition: Best decisions are based on more than facts

Editor's note: To inquire about submitting a column, contact Managing Editor Mark Reilly at (612) 288-2110 or mreilly@bizjournals.com.

Sony's founder, Akio Morita, says no amount of data could have predicted the success of the Walkman. Even his engineers were among the naysayers: Who would buy a tape recorder that didn't record? Morita paid no heed. After noticing a clunky sound system rigged by a colleague who wanted to listen to music without disturbing anyone, he knew his hunch about developing a small, lightweight stereo system was spot on.

Chances are we all know people like Morita, individuals whose insights, ideas and timing are uncanny. People like Morita tap into one of the powerful decision-making tools known to humankind: intuition.

In a survey conducted in 2002 by Christian and Timbers, 45 percent of executives base business decisions more on instincts than facts and figures. Intuition spurs us forward, helps us read people's intentions, enables us to think of novel solutions to problems and alerts us when something is wrong.

Even so, intuition doesn't always enjoy the best reputation in our data-obsessed culture. Management consultant and author Tom Peters says that "for some reason, intuition has become a 'soft' notion. Garbage! Intuition is the new physics. It's an Einsteinian, seven-sense, practical way to make tough decisions. Bottom line, circa 2001 to 2010: The crazier the times are, the more important it is for leaders to develop and trust their intuition."

That leads to one obvious question. Can intuition be taught?

"Intuitive Decision Making," an article in the fall 2007 issue of MIT Sloan Management Review, argues that managers can improve intuition and provides guidelines for how to do it.

"Intuition is not a magical sixth sense or a paranormal process," write the authors, Kurt Matzler, a professor of international man-

agement at Johannes Kepler University in Austria; Franz Bailom, managing director of Innovative Management Partner in Austria; and Todd Mooradian, an associate professor of marketing at the College of William and Mary in Williamsburg, Va. When it comes to complex decisions, "all the data in the world can't trump the lifetime's worth of experience that informs one's gut feeling, instinct or intuition."

They cite examples from business, science, and even chess to underscore the power of intuition. So, what exactly is intuition and why do some people have it in spades and others not?

It all comes down to recognizing patterns.

The authors say that what separates a chess grandmaster from other players is the ability to recognize patterns behind potential configurations of the game. According to one estimate, a chess master can recognize about 50,000 of them. But in an experiment, when 25 chess pieces were arranged in ways that made no sense according to the rules of the game, the grandmaster was no better able than a novice player to detect a pattern.

The point is this: Intuitive decision-making is the ability to recognize patterns at lightning speed, a process that happens unconsciously.

According to Professor Gerald Hüther, a neuroscientist at Germany's University of Göttingen, the human brain functions like a computer only when considering trivial decisions. Complex decisions bring into play a process in which knowledge, experience and emotions are linked — in short, intuition.

Research has found that people with reserves of knowledge and experience reach good intuitive decisions much more frequently than people with limited experience.

While the study of intuition is a relatively unexplored area of management science, studies reveal cultivating it requires the following:

Experience: The more extensive a decision-maker's experience, the more patterns he or she will be familiar with; the more patterns, the better the intuition. Studies indicate that one needs at least 10 years of domain-specific experience to develop the gut feeling needed to make good instinctive decisions.

Networking: Executives should surround themselves with people who are their equals and cultivate an open climate of discussion.

Emotional intelligence: Neuroscientist Joseph LeDoux has proven the amygdala, the site in the brain related to emotional memory, categorizes stimuli and triggers behavior faster than cognitive processes. Emotion precedes cognition.

Daniel Goleman, author of *Emotional Intelligence: Why It Can Matter More Than IQ*, reports that 90 percent of the differences between top- and average-performing senior executives are explained by emotional intelligence, primarily the ability to recognize and interpret one's emotions.

Tolerance: Intuition is best fostered in a setting in which positive and negative experiences can be had, and that means a willingness to tolerate mistakes. Regarding the hiring of senior executives, the CEO of Nestlé says: "In my view, only someone who has some failures to show in their history can carry out a leadership role in a forward-looking way, because only then is it clear that the person was willing to take risks."

Curiosity: Curiosity should never be reined in; it's a prerequisite for discovering opportunities. Management guru Peter Drucker says "a good manager always focuses ... more strongly on opportunities than on risks. ... Striking new paths is a prerequisite for gathering experiences. And intuition needs experience."

Limits: Don't take intuition to extremes. Drucker says he believes in intuition "only if you discipline it." In short, executives should reflect on intuitive decisions before acting on them.

Finally, when you're hiring, base decisions on intuition as well as reason. All too often employers hire for experience and end up letting people go for human qualities that are lacking, including integrity, energy and leadership. So let the facts and a strong internal compass be your guide.

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Bottom Line
Gwen Martin