

How Do You Know When to Rely on Your Intuition?

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By Mortimer R. Feinberg and Aaron Levenstein

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"I just feel it in my gut!" With those words the chief executive officer (CEO), brushes aside the unanimous recommendation of his subordinates. He disregards the data they cite—market surveys, past sales performance, interviews with customers—and decides to stick with a faltering product. And, despite all the logic on the other side, he turns out to be right.

Albert Einstein attributed his theory of relativity to a flash of insight hot to the cold rationalism of the objective, data-oriented researcher in the laboratory. True, his mind had been prepared by much study and thought, but as he said later, "The really valuable factor is intuition."

So, too, in business, decisions based on shrewd intuition are often superior to those based on careful analytical reasoning. Charles Revson, the builder of Revlon, seemed to have an uncanny knack for determining what the consumer would want. Jack Chamberlin, now chairman of Lenox and formerly with General Electric, recalls his decision about whether to go with an eight-track or cassette tape, in the early days of the technology. One offered better fidelity; the other, greater convenience to users. Deciding to "go by gut," he opted for the latter, an intuition that proved right.

Defining intuition isn't easy. Some executives call it "a feeling in my bones." Guesstimate, speculation. Imagination, creativity. William C. Shantey III, president of Amstar Corp.'s American Sugar Division, resists the term "hunch," saying it is unrelated to intuition. He thinks hunches suggest a mechanical process, like the gambler playing the horse that has the same name as a favorite aunt.

Nor is intuition to be confused with impulsiveness. The latter is simply a rush to judgment, often motivated by plain laziness or a desire to avoid the facts. Intuitiveness, on the other hand, welcomes data even though it refuses to be limited to it. Einstein, informed by his intuitions, nevertheless contrived a series of tests and experiments to prove or disprove his insights.

Recent studies of the brain suggest that the left hemisphere is the locus of our logical, sequential, rational and verbal processes, while the right side is the organ for intuitive, imaginative, artistic and creative processes. Despite all the attention given to "rationalism" in management literature and education, a study by Harry Mintzberg of McGill University has suggested that CEOs in leading companies actually use the right side—the intuitive hemisphere—in about 80% of their decisions.

A number of CEOs told us they rely on intuition primarily in hiring, placing and promoting people. Others say they apply it in product decisions, particularly in fashion and entertainment industries. On the other hand, some executives, such as Robert A.M. Coppentrath, president and general manager of Agfa-Gevaert, insist that intuition must be reined in. "It seems to work better as an alarm, a warning system, than as a trigger for action," he says. "As far as I am concerned, it commands better non-action than action."

Intuition, of course, can lead to just as many mistakes as rational logic can. By definition, creative intuition cannot be the product of a formula. But certain questions are useful in determining whether your "gut feeling" is worth following:

Ask yourself if you are influenced by wishful thinking and pure guesswork. James Cook, president of L.G. Balfour, says he differentiates between "gut and guess" by observing his own reactions to what occurs when his colleagues are shooting down his ideas. If his feeling persists, "and gnaws and gnaws and gnaws," he is more likely to stay with his intuition.

Is your intuitive conclusion based on what psychologists call selective perception? Do you want to keep alive a dying product simply because you have pride of authorship, or do you have some basis for your intuition? Do you want to sell off a successful product simply because it bores you?

Is your conclusion due, not to intuition but to mental rigidity? That is, are you reacting by habit or a desire to vindicate past policy, refusing to recognize that a change has occurred in the environment? One of the problems with the U.S. auto and steel industries may have been that executives relied too much on their "feel" for the business, rather than paying attention to what their competitors around the world were doing.

Has your judgment been affected by your personal inclinations, for instance a tendency to be optimistic or pessimistic? Are you allowing a flood of emotion to drown good sense? The classic case is that of the British businessman who continued to make a money-losing product because Buckingham Palace was still buying it even though the general public had turned thumbs down on it.

Can you set up a trial run and avoid a premature, irrevocable commitment? The general who "feels" that the enemy's lines are overextended might want to launch probing maneuvers before he throws his full forces into battle. Intuition must be constantly monitored and tested. Indeed, one of its advantages, according to Richard Brown, former president of Towle Manufacturing Co., is that "when following intuition, you develop a natural tendency to stay closer to the decision and audit it earlier and more often than in decisions based on hard reasoning."

The key question is the one that troubled Joan of Arc: The inner voices may be loud and clear, but do they come from heaven or hell?

The ultimate safeguard is to avoid stubbornness, to listen sympathetically to what others say and to subject all decisions, whether the fruits of reason or of intuition, to searching examination.

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