

Intuition and Decision-Making

The relative merits of using your intuition for decision-making have been hotly debated by academics and businesspeople alike for many years. So just how important is it to decision-making? Is trusting your gut instincts preferable to using logic and reason? This article examines what some of the leading experts have to say about intuitive decision-making, and offers some advice on when it might be most appropriate to use it, and the pitfalls to avoid.

What do we mean by intuition?

As with so much about intuition, people struggle to agree on its definition. The Oxford Dictionary defines intuition as "The ability to understand something instinctively, without the need for conscious reasoning." [1] While research psychologist and author Gary Klein says "I define intuition as the way we translate our experience into action." [2]

It is equally important to understand what intuition *isn't*, i.e. not a sixth sense or the complete opposite of rational thinking. [3] Nor is it the preserve of a gifted few. Anyone and everyone can learn to use their intuition, and use it better.

Intuition - what do people say?

Let's take a look at what two prominent psychologists, Daniel Kahneman and Gary Klein, have to say on the subject of intuition.

Gary Klein

An expert in cognitive psychology, much of Gary Klein's research examines how people working in **highly pressured** and **unpredictable** situations are able to make

rapid life and death decisions. His studies have included work with emergency paramedics, the Marine Corps and firefighters.

Klein's research with firefighters threw up some particularly interesting revelations. [4] He found that experienced firefighters didn't make decisions in the standard way, by generating a set of options and considering the pros and cons of each. What's more, many were **not even aware of making decisions**. They saw their actions as simply 'following procedures'.

The firefighters were, of course, making decisions. They just didn't think of them in that way. What Klein found was that attending hundreds of fires over their career had enabled them to assess each situation, **based on past experience**. He describes the firefighters as having "a storehouse of experiences", subconsciously categorising different types of fire and rescue situations in their minds. This database can then quickly be mined for a match with their current situation, helping to guide them quickly and intuitively to an appropriate course of action. In other words, **identifying patterns** or cues in situations helps the firefighters work out what action to take.

Interestingly, in one story Klein came across, it was the **failure to match** a fire to past experience that intuitively led one fire chief to evacuate his team out of a burning building, despite few visible signs of impending danger. The fire had taken hold in a floor below, and the crew got out with seconds to spare.

The **importance of patterns** in intuitive decision-making is something that Matzler et al are also interested in. [5] They observed that chess grandmasters can make a strategic decision about their next move within seconds of their opponent's play. The key for both chess players and firefighters is that experience and knowledge provide the decision-maker with an essential frame of reference against which to spot patterns.

"What we call intuitive decision-making is really one's **ability to recognise patterns at lightning speed** - a process that often happens unconsciously."

Of course, intuitive decision is far from perfect. According to Klein, intuition can lead to significant decision-making errors, particularly if the decision-maker is **working alone**, rather than as part of a wider decision-making process. [6] Pitfalls that can occur in such circumstances include:

- **Use of flawed information.** The lone intuitive decision-maker can tend to seize on inaccurate or incomplete information and fail to sufficiently consider alternative options.
- **Emotional bias.** How someone is feeling can affect decision-making, even when the emotion is unrelated to the actual decision to be made. Prejudice can also be allowed to counter hard facts.
- **Failure to communicate.** Intuitive decisions can be hard to explain and justify to others, so lone decision-makers may keep the reasoning behind their decisions to themselves.
- **Overconfidence.** When an individual can make sound intuitive decisions in one area of expertise, they often assume this ability can easily be transferred to subjects they know less or little about. This can result in poor decisions being made.

Daniel Kahneman

In his widely celebrated book *Thinking, Fast and Slow*, psychologist Daniel Kahneman breaks down thinking into two types: **System 1** and System 2. System 1 is the 'Thinking Fast' of the book's title. [7] It is rapid, intuitive and requires little or no conscious effort. System 2 ('Thinking Slow'), on the other hand, is more controlled and deliberate.

Kahneman takes a balanced view with regard to intuitive and rational decision-making. [8] He believes that System 1 is the source of much of what we do wrong, but can also be credited for much of what we do right, which, he points out, is most of the time. We have to rely on System 1 thinking for the majority of the time as it is impossible for us to be able to analyse everything around us. So we tend to deploy labour-intensive System 2 thinking selectively.

Using your intuition can be effective when there is **time pressure** to reach a decision, Kahneman says. [9] However, he warns about the perils of overconfidence. This is particularly true for strategic decisions, where there may be many unseen factors at play e.g. what your competitors might be doing. So Kahneman advises against taking intuitions at face value; instead he recommends **using checklists** to prevent overconfidence, e.g. to help the decision-maker to assess the quality and the independence of information, and to guard against groupthink.

Most importantly, Kahneman believes we should try to do as much research as possible and postpone intuition as much as we can "so that the intuition is as informed as it can be."

Intuition - what do the critics say?

While there are many fans of intuitive thinking, there is also no shortage of people who caution against it. MIT researcher and writer Andrew McAfee is one such person. [10] He believes we should rely less, not more, on intuition. Why? Because, he asserts:

- **It takes a long time to build good intuition** (and therefore, presumably, it is

not so useful to someone who has yet to build expertise in a particular area).

- **It only works well in specific environments.** By this he means situations which give good cues and rapid feedback - e.g. firefighting as opposed to the stock market.
- **How information is presented affects how we think,** making it easy for people to make bad judgements under pressure.

Writing in the *Harvard Business Review*, problem-solving expert Eric Bonabeau believes that, contrary to some opinions, **the more data and options you have to consider**, and the more changeable environment you find yourself in, **the less you should rely on instinct**. [11] He also believes that intuition has a sort of 'romantic allure' - we tend to remember the intuitive decisions that paid off, while conveniently forgetting about those that didn't.

When it comes to making complex decisions quickly, what Bonabeau champions instead is the use of technology-based support tools, combined with the experience of a sound management team - a capability, he says, that intuition can never match.

When should we trust our intuition?

When to trust your intuition is another area of contention among leading thinkers. Both Klein and Kahneman agree that you often have to trust your gut when you need to reach a decision quickly and you don't have time for detailed analysis of a problem.

Klein has also identified two main criteria for using intuitive decision-making. [12] The first is that there needs to be a certain **structure** or **predictability** to the situation on which to base your intuition. The second is that there needs to be the opportunity for the decision-maker to **get feedback on their decisions** in order to develop expertise.

While Kahneman believes 'true experts' might often be better to trust their intuition over in-depth analysis, [13] he warns against experts trusting their gut when faced with a **unique problem**. [14]

Kahneman suggests that people should also be wary of trusting their instincts **when the stakes are particularly high** - not least because such situations often involve strong emotions, and pressure to act. [15] We also can't simply expect the quality of our intuition to improve in line with the enormity of the problem or challenge we are facing.

How senior leaders can develop their intuition

So we've heard the theory about intuitive decision-making, but what can managers and, in particular, senior leaders, do to **develop their intuition**?

According to Matzler et al, there are certain key areas to focus on: [16]

- **Experience.** The more experience that a decision-maker has the better able they are to spot patterns that will help guide them to an appropriate and timely solution. Studies suggest that it can take up to 10 years of experience in a particular field to develop the capability to make good instinctive decisions. So anything that managers or leaders can do to put themselves in situations where they can gain more experience is likely to be of benefit.
- **Networks.** These allow leaders to share experiences and gain honest and open feedback on decisions they have made in order to continue to learn. So it is important for leaders to identify appropriate opportunities, e.g. industry events, peer to peer coaching, where it is possible for them to do this.
- **Emotional Intelligence.** According to emotional intelligence expert Daniel Goleman, being able to recognise and interpret one's emotions is one of the biggest differentiators between average and top-flight leaders. Seeking detailed feedback, e.g. through 360 questionnaires, can help leaders to develop their emotional intelligence and self-awareness.
- **Tolerance.** In order to develop their intuitive abilities, leaders need to be given the freedom to make and learn from mistakes, and to afford this tolerance to those they manage.
- **Curiosity.** By maintaining a positive and open outlook, leaders can focus on opportunities rather than risks. This in turn will gain them the much needed experience required to become an effective, intuitive decision-maker.
- **Limits.** A leader who is successfully guided by their intuition listens with their heart and then carefully runs things through in their head, rather than hastily implementing their intuitive decisions. This can help prevent emotions from clouding judgement.

Klein recommends we can all become better decision-makers by: [17]

- **Mixing intuition with reason.** The more complex the decision to be made, the greater the need for effective analysis of the situation, as well as intuitive thinking.
- **Avoiding negative input.** Criticism, including self-criticism, can lead you to doubt whether you should really trust your gut.

He also suggests that decision-makers try to: [18]

- **Listen better.** Accumulating as much relevant information as possible will help to spot patterns in different situations and arrive at the best solution.
- **Learn from others.** Klein recommends the use of situational assessments and case studies to help develop intuitive thinking.

Conclusion

The use of intuition in decision-making is a subject that divides opinion. It seems that in order to be most effective, the decision-maker needs to have developed experience and expertise in the field that relates to the decision to be made, and to be able to get input into, and feedback on, their intuitive decisions. Running a quick mental simulation of likely consequences can also help to judge whether your decision is likely to be successful. Like so many other things, it is also important to keep learning in order to develop your intuitive capabilities over time.

[1] Definition at www.oxforddictionaries.com (accessed March 2014).

[2] Gary Klein, quoted in 'Review: Intuition at Work: Why Developing Your Gut Instincts Will Make You Better at What You Do'. Available at: www.cioinsight.com (accessed March 2014).

[3] Kurt Matzler, Franz Bailom and Todd A Mooradian, 'Intuitive Decision Making'. Available at: www.sloanereview.mit.edu (accessed March 2014).

[4] Bill Breen, 'What's Your Intuition?'. Available at: www.fastcompany.com (accessed March 2014).

[5] Kurt Matzler, Franz Bailom and Todd A Mooradian, 'Intuitive Decision Making'. Available at: www.sloanereview.mit.edu (accessed March 2014).

[6] Cheryl Conner, 'Should Intuition Be Running Your Business? Yes ... And No'. Available at: www.forbes.com (accessed March 2014).

[7] Maria Popova, 'How Our Minds Mislead Us: the Marvels and Flaws of Our Intuition'. Available at: www.brainpickings.org (accessed March 2014).

[8] William Easterly's eview of 'Thinking, Fast and Slow'. Available at: www.ft.com (accessed March 2014).

[9] McKinsey Quarterly, 'Strategic Decisions: When Can You Trust Your Gut?'. Available at: www.mckinsey.com (accessed March 2014).

[10] Andrew McAfee, 'The Future of Decision-making: Less Intuition, More Evidence'. Available at: Harvard Business Review blogs (accessed March 2014).

[11] Eric Bonabeau, 'Don't Trust Your Gut'. Available at: Harvard Business Review

(accessed March 2014).

[12] McKinsey Quarterly, 'Strategic Decisions: When Can You Trust Your Gut?'. Available at: www.mckinsey.com (accessed March 2014).

[13] 'Daniel Kahneman Talks Intuition and Optimism with Sam Harris'. Available at: www.thedailybeast.com (accessed March 2014).

[14] 'McKinsey Quarterly, 'Strategic Decisions: When Can You Trust Your Gut?'. Available at www.mckinsey.com (accessed March 2014).

[15] 'Daniel Kahneman Talks Intuition and Optimism with Sam Harris'. Available at: www.thedailybeast.com (accessed March 2014).

[16] Kurt Matzler, Franz Bailom and Todd A Mooradian, 'Intuitive Decision Making'. Available at: www.sloanereview.mit.edu (accessed March 2014).

[17] 'Review: Intuition at Work: Why Developing Your Gut Instincts Will Make You Better at What You Do' Available at: www.cioinsight.com (accessed March 2014).

[18] Cheryl Conner, 'Should Intuition Be Running Your Business? Yes ... and No'. Available at www.forbes.com (accessed March 2014).

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- **Colombo image credit:** [Wikimedia](#) (accessed March 2014).