

Communication

Intuitive Decision Making in Management

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Organizations have never faced a more turbulent, complex or changing environment than they do today, whether in social, political, economic, technological or ecological terms. Customers are more demanding; product life cycles are shorter; technologies remain constantly changing. Managers have to, thus, continuously scan the competitive environment. Corporate working today invariably necessitates intuitive working as it requires decisions that are in tune with the evolving environment. Intuition is an excellent tool for cutting through needless complexity and place issues in perspective. This article discusses intuitive decision making as the means to arrive at such decisions and summarizes how intuitive thinking can be integrated formally into an organization's management processes.

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Understanding Intuition

Being a subtle phenomenon, researchers have expressed the meaning of intuition in different ways while hinting at the same central concept. Jung (1933) has defined it as the psychological function transmitting perceptions in an unconscious way. Smith (2008) describes intuition as rapid, affectively charged judgments arrived at without conscious awareness of the reasoning processes involved, stressing that it has the potential to influence, inform, and enhance not only the learning of the individual but also the development of collective learning processes. He discusses intuition as one of the principal means by which managers and other professionals arrive at judgments. Hodgkinson (2008) describes intuition more tangibly as the result of the way our brains store, process and retrieve information at a subconscious level and so is a real psychological phenomenon which needs further study to help us harness its potential.

There has been an attempt to, distinguish between pure intuitive insight and the less refined sense of "gut feel." While gut feel is one of the many signs of intuition experienced by different in-

dividuals, it can also result from following our instinct and experience whereas pure intuition is both clear and direct, without confusion or emotional conflict Tesolin (2007). Rosanoff (2000), on the other hand, suggests that intuition is how non-analytic data is accessed and incorporated into the decision-making process. She stresses that intuition is the ability everyone has to know something directly without an analytic process. Intuition enhances analytic thinking and focuses on the present situation, providing insights as to timing, specific strategy and innovation.

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Agor (1986, 1989) studied, over a period of two years, 2,000 managers. He describes intuition as a way of knowing. His study revealed that executives used intuition like ‘explorers’ to ‘foresee’ the correct path to follow and that managers kept it a secret that they used intuition. In a recent review article Dane and Pratt (2007) while summarizing the distinction between intuition and more rational models of decision making have concluded that intuition is nonconscious, holistic, associative and faster.

It is evident from the above that intuition has been described as both a distinctive process and an outcome and is indeed a valuable part of business decision making. For the purpose of this ar-

ticle intuition would imply the ability most managers have to know something directly without an analytic process/reasoning (taken from Rosanoff 2000). In the following section some business situations are identified where intuition can be particularly useful.

Sifting through the Mist

Awareness is dawning that intuitive decision taking is an integral part of successful business management. In a study of 13,000 business executives by the Harvard researcher Parikh (1996), executives credited 80 percent of their business success to relying on their intuition. Klein (2003) also notes that an increasing number of top-level managers, including CEOs, are openly admitting to the use of ‘gut feeling’ or intuition in their decision-making.

High levels of intuitive intelligence often are found in the top tiers of organizations. White (2004) notes that leadership is the talent to know what decisions to make, even though they appear risky. Further, he says, instinct and intuition are two attributes that do not fit the scientific mold and are hard to measure, yet are critical to creating real leadership. Likewise Davenport (2004) suggests that with intuition a leader’s direction is clearer, more focused and intentional, and arises from an alert, conscious and inquiring mind.

The Indian experience has been highlighted by Gopalakrishnan (2007), executive director of Tata Sons. He stresses that intuition, and not analysis,

is the key to becoming an effective leader — that after all the analysis is done, intuition should take over. He notes that adding an overlay of intuition to logical analysis is what constitutes wisdom.

Information Overload

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Computer systems are churning out so much information and data that, even to sift out the relevant information, use of intuition becomes essential (Hayashi 2001). With the media and internet contracting the globe into one well-knit communication network, the flow of relevant and irrelevant information has grown uncontrollably. It is particularly challenging for individual managers as this easily leads to the common pitfalls of losing sight of the ‘big picture’, priorities changing too quickly, and weakening of interpersonal relations. Intuitive ability may be an important skill which will keep managers abreast with the knowledge revolution.

Lack of Precedents & Unpredictability

Many situations that are now emerging hardly have any precedents. With technology revamping entire processes, economic downturns affecting corporate bottom lines and consumer spending, the way out for different organizations becomes increasingly unpredictable. These

changing scenarios make the way ahead foggy with managers feeling split in the pressure of producing concrete results on the one hand and directionless about the ‘current-future context’. Most resort to trial and error solutions riding on hope waves that ‘the economy will pick up in a few months’, ‘the government will do something about this’, ‘our company has pockets deep enough to face the technology change’, etc. In such foggy circumstances it would be invaluable if managers had even a rough but reliable ‘hint’ of the direction in which to place their efforts. Subsequently, they could test whether this ‘hint’ is plausible and as they move ahead with it they could discover how appropriate it is. They can run a quick mental simulation to verify that their intuitive plan of action is a good one (Klein 2003). This is particularly useful because intuitive thinking can assist this process by directly selecting the likely variables, thus saving time and cognitive effort exploring unproductive pathways (Patton 2003).

Pattern Recognition & Problem Solving

Pattern recognition is another area where senior managers find intuition useful (Lank 1995). A cursory look at data or meetings with clients, suppliers and consumers can reveal trends and patterns to a ‘discerning’ manager. In such cases, intuiters can sense the pattern from the ‘feel’ of the individual inputs. This would also naturally provide for a sense of what should be an appropriate solution from the emerging pattern. Feelers from other sources and

market research could then be used to confirm major decisions.

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Some managers use intuition as a check on the results of rational analysis. Managers adept at intuitive thinking can tap into their inner compass to intuitively sense when a problem exists (Isenberg 1989). This awareness leads to a quick search of possible areas, both relevant and irrelevant. They quickly tally rational results with what they sense is the correct course of action. It would also be evident from the above discussion that managers can use intuition in all the phases of decision making from problem finding, problem defining, generating and choosing strategies to final implementation.

Managing Conflict

A natural consequence of increasing change and increasing complexity in the world environment is conflict. The simple desire to do one's best in a situation leads inevitably to conflict unless all parts and personnel move 'from point to point' in an identical framework of goals and timing (Mintzberg 1989). Dealing with conflicts, which will naturally arise as these pressures continue to mount, requires more than patience and good humour.

Intuitive thinking provides a natural and spontaneous way out. Intuitive man-

agers can 'sense' the changing direction of movement in the environment, and at the same time 'discern' the concerns of colleagues. They can intuitively chalk out flexible, workable scenarios that would minimize peer discomfort and gradually match the changing flow in the environment. Thus, aided by intuition, managers can react quickly and accurately to changing stimuli in their firm or its environment (Patton 2003). This is especially powerful because intuiting is an ongoing, harmonising, day-to-day process and is therefore up to date. Concurring with this, Saddler-Smith and Shefy (2004) emphasize by quoting a CEO of a major energy corporation: "You have to learn to trust your intuition. Otherwise, at the point when you have gathered enough data to be certain that the decision you are about to make is the correct one, that decision has become obsolete."

Intuitive Visioning and Strategizing

Intuition can help managers by allowing them to link the internal and external, so that the organization is, in fact, organic and whole rather than reactive and complex. An intuitive style allows managers to tap into an ongoing vision of the purposes and ultimate ends of any enterprise. In the long run, the ability to maintain an internal intuitive 'compass' continually synthesizes new conflicts into shared challenges/goals. Goals can be 'sensed' in a dynamic rather than a static fashion, and the enterprise can continue its progress without having to stop and reassess the situation whenever change or conflict begin to mount. How

ever, managing through intuitive insights does not substitute for factual analysis. According to Senge (1990): “People with high levels of personal mastery do not set out to integrate reason and intuition. Rather, they achieve it naturally as a by-product of their commitment to use all resources at their disposal.”

Integrating Intuitiveness Organization wide

Sustainable business development is possible only when an organisation is flexible enough to adjust its functioning to the changing environment. This real time adjustment to the fluid environment is exactly what an intuitive mindset is capable of as it is sensitive enough to discern changes in patterns in the environment. Organisations generally ignore this valuable information and neglect nurturing intuitive talent (Agor 1989).

Meetings

Meetings may be made more effective by asking oneself and others before the meeting to quickly jot down the thoughts and feelings about the meeting’s agenda (Rosanoff 2000). All can then share just one of the items written. Beginning the meeting with sharing can help members tap into insights that otherwise may have been lost. This can increase the involvement, awareness and intuitive wisdom required for the meeting. The insights can then be later checked factually for follow up. Integrating intuitive insight into day to day meetings takes little time and becomes a natural process as they go along.

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Many meetings culminate into decisions. In the case of major decisions involving change, risk or heavy investment an intuitive check can be done. Here, members could again be asked to jot down their true feelings/hunches about a decision. When a decision is factually sound and at the same time members generate feedback of an energizing effect, a feeling of ‘floating’ or mutual bonding it is likely to be a powerful and impacting decision. Decisions which generate contradictory results need to be re-threaded through further meetings as such results imply incomplete or incongruent actions.

Open Intuitive Journals

Managers could be encouraged to maintain their personal journals of intuitive insights. Tracking them would reveal the accuracy of their insights giving them and others the confidence to attend to such insights. These journals may help in refining ‘hunches’. The organisation could also practice sharing of these journals within teams. Overtime team members are likely to begin to search for ways to validate which ‘hunches’ are reliable and which need to be honed in further.

Client/Customer Management

The awareness of intuitive insights in client management can be inculcated

in the organization. For example managers can practice 'sensing' their clients. This means to become aware of any signals the body sends, any flashes of information in the mind about the customer in general or the client contractual obligations. As the deal with a client is being finalized one can ask oneself "Is my body feeling relaxed? Is it feeling comfortable and at ease with the client's presence." Or would one feel better by just leaving the room (and thereby this deal)? It is thus helpful to learn to "sense the vibes in the room" (Humer 2007).

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Intuitive Breaks: Sensitizing Leaders

Managers in the top rung frequently lose touch with their intuitive insights as their information sources are mostly secondary (reports, meetings, engaging with only 'priority' people). To sense intuitively they need to 'feel' the information first hand. Further, intuitive flow is about allowing the inner senses to guide oneself rather than trying to control or force it to happen (Cooper & Sawaf 1997).

To achieve this, organisations could practice intuitive breaks for their senior managers. An intuitive break can be as long as two weeks (depending on the organisation expanse and isolation of the manager). During this break the manager

reads no reports and attends no meetings and instead spends time with the employees, workforce and customers (White 2004). Interacting with them, 'sensing' them with no other aim but to just 'know' what is happening, how events are flowing, perceiving their energy levels, interests and watching the trends. At the end of the break the manager is advised to cut off all communication - laptops, cell phones, internet, and radio, and television, etc- for a day or two. This allows the first hand input to sink in. The additional information becomes a platform to trigger intuitive insights about trends, opportunities and challenges in a holistic perspective. This allows the manager to integrate perspectives on the direction of business and appropriate strategies necessary to align it with the environment.

Conclusion

Since intuitive reasoning influences the quality of our decisions, the extent to which we should rely on our intuition has become a central question in the decision making literature. Intuitive thinking is the need of the hour for managing in the new world order. It acts as a bridge between conscious and un-conscious decision making processes and plays a vital role in everyday decision making. It can provide not only the ability to see through the fog of these changing times, but also provide guidance to identify problems, manage information, recognize patterns, deal with conflict and form strategies that are in tune with the evolving environment.

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