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Improve the reliability of your intuition
as a tool in making decisions

Intuition is an extraordinarily powerful faculty. Thanks to intuition, we can summarize a huge mass of sometimes barely perceptible information in a flash. This explains the "eureka" moments of great diagnosticians, the lightening-fast moves of chess champions, and how seasoned firefighters are able to make instant decisions in the chaos of a fire. Experienced professionals automatically identify similarities with known patterns and select the best solution in record time, far faster than they could enumerate the various factors at play. Likewise, when the leader of a company rejects a project because he "doesn't have a good feeling about it," despite the seemingly incontrovertible arguments of his subordinates, he is following an impulse based on intuition.

Intuition can provide helpful input in making decisions, if we take certain precautions.

Nevertheless, intuition can also be extremely misleading. The fact that we feel a sense of "gut certainty" makes intuition all the harder to ignore, and all the more dangerous.

There are three specific reasons that we must tread very carefully when we use our intuition to make important decisions:

Subconscious influence of emotions

Our intuition takes account of all of the information at our disposal, including our emotions. However, our hidden motives and powerful psychological impulses frequently disturb the quality of our perceptions. For example, a company leader may see signs favorable to an acquisition or ignore signs of risk because he subconsciously leans toward the option which corresponds to his vision. Conversely, the McKinsey Quarterly article *How to test your decision-making instincts* describes a CEO who suffered a big loss on an investment in Russia. This painful memory made this leader automatically shun any project concerning the Eastern bloc. Fortunately, he was aware of this bias, and chose to delegate the final decision on all such investments to his management committee.

Often inaccurate analogies

Intuition operates by analogy with known situations. However, in unfamiliar or complex situations, our brain tends to see patterns where they do not exist. Indeed, bettors using a Martingale strategy generally lose their shirts. Worse still, our intuition often masks variations in context which nonetheless make a fundamental difference with respect to the decision which must be made. The failure of General Matthew Broderick to call for federal aid during Hurricane Katrina in Louisiana is a dramatic illustration. Extremely experienced with hurricanes, he felt that the level of danger did not justify federal intervention. However, he failed to consider that his experience was forged in cities above sea level!

Difficulty communicating our intuitions

Making decisions requires more than just selecting the best option, because other people must participate in deployment. Intuition is not particularly helpful in this respect, as it takes the form of a feeling that is difficult to pass on to others. If we make decisions based exclusively on intuition, those around us must trust us blindly, which is certainly not a given.

Your intuition can help you make better decisions, provided you take care to optimize its reliability.

1. Always **remain humble** toward your intuitions
2. Learn to **recognize your intuitions**
3. Identify your **filters and influences**
4. **Be selective** concerning your domains of intuition
5. **Analyze** your intuitions

1st precaution

Always remain humble toward your intuitions

Example

Intuition is often prone to groupthink. This is demonstrated by a classic experiment, in which a group is asked to estimate the number of coins contained in a transparent jar. The average estimate is much more accurate when the participants make their individual guesses in isolation than when they hear the estimates of the other participants!

Tip : Before making an important decision, ask each participant to note down their personal intuition before launching discussions. Go around the table to collect these "raw" intuitions, without making value judgments. The various contributions can then be integrated into the discussion without being influenced by the opinions of the others.

45 percent of leaders acknowledge using their guts more than facts and figures in managing their company, according to a study quoted in the Harvard Business Review article "Don't trust your guts." They do this partially out of necessity. For lack of time to analyze all of the relevant factors involved in complex decisions, they are sorely tempted to rely on their intuition. But leaders also trust their intuition more than they should.

Indeed, **we tend to feel that our gut speaks the truth**. And the higher we rise up the ladder, the more those around us tend to value our judgment! The danger is that we may then lose perspective on our intuitions, as Ralph Larsen, the chairman of Johnson & Johnson underlines: *"What better way to justify one's elevated position and correspondingly high salary than by claiming to possess nearly superhuman intuition?"* The risk of error then becomes immense.

To avoid this trap, we must **always keep in mind that intuition is only an assumption**, even if it feels like a certainty. A leader may have a strong conviction about the future success of a new product. At the same time, however, he has no idea what competitors are preparing, for example. So, when we decide to follow an intuition, we should consider from the get-go that we may be making a mistake and prepare a plan B.

> An intuition is just an enlightened assumption.

Another safety mechanism is to talk openly about intuitions, which also means we must be **willing to listen to the intuitions of others and question our own**. This is a delicate exercise. The intuitions of each contributor must be fully respected to avoid sterile confrontations. Certain participants must not be allowed to hold back because they consider that their intuitions are not as valuable as those of an expert or a leader. Thus, even if experience is an essential condition for reliable intuition, listening to and trying to understand different points of view can open up new perspectives and help us challenge our own intuitions.

"Overconfidence is the greatest source of illusions."
Daniel Kahneman, McKinsey Quarterly, March 2010

Four conditions of reliable intuition

Your intuition can be useful only if the situation meets the following four conditions:

	Ask yourself	Explanation
PREDICTABILITY	Does the situation correspond to a pattern that is likely to be repeated?	Since intuition works by analogy, it cannot be applied to new or unforeseeable situations.
EXPERIENCE	Do you have significant experience in the domain in question?	Intuition refers to situations experienced in the past. The intuition of a beginner is pure imagination.
FEEDBACK	Have you obtained reliable feedback on the quality of your past decisions in the given domain?	Without reliable feedback on past situations, intuition relies on all past decisions, both good and bad!
INDEPENDENCE	Are you too emotionally involved to trust your intuition?	A personal interest in the situation or overly powerful emotions may bias your intuition.

Based on ***How to test your decision-making instinct***, Andrew Campbell, Jo Whitehead, The McKinsey Quarterly, May 2010, and ***Strategic decisions: When can you trust your guts***, interview de Daniel Kahneman et Gary Klein, The McKinsey Quarterly, March 2010.

2nd precaution

Learn to **recognize your intuitions**

Intuition is especially dangerous when it remains subconscious. Indeed, our intuition may subconsciously influence the way we conduct our analyses, i.e., the information we collect, the weighting of decision-making criteria, how we evaluate qualitative factors, etc. The experience of the leader of a successful small company illustrates this pitfall: *"I was sure that our sales organization had to be redesigned. Moreover, the audit that I conducted showed this clearly. Several large customers had complained that their contacts were not easy to reach, our sales reps couldn't move the most profitable products, and many customers bought only one type of product from us. It was clear we needed to have specialized sales teams."* This conclusion might have been correct, but it was certainly not validated by an objective analysis! What about the customers who didn't complain? Was specialization the only or best way to sell the most profitable products? Without realizing that he was relying on his intuition, this leader conducted a "loaded" audit.

Recognizing our intuitions allows us to better use them.

Practicing the identification of intuitions that might influence our reasoning is the best way to guard against this bias. For example, we can learn to spot the bodily signs that indicate feelings which are still subconscious, like the reaction of a reputed university professor to whom a colleague described a project: *"I see no logical errors in what you are saying, but I still have a strange feeling in the pit of my stomach."* We can then take account of our intuitions, but with a big grain of salt.

Practical tips

- **Listen to that "small voice."** Intuition often takes the form of a small voice in the back of our head, which we tend to discount because it is not reasonable. (e.g.: "That will never work," "It's just nonsense."). These signals cannot influence our decisions insidiously, however, if we make a conscious effort to identify them and their underlying intuition.
- **Listen to your body.** Trembling, cracking voice, cold sweats, migraines, stomachache, and insomnia are all signs of emotions or feelings of which we may not yet be consciously aware. Learning to identify the sources of physical agitation when an idea is "on our mind" can help bring our intuitions to light.

3rd precaution

Identify your **filters and influences**

Once an intuition has been identified, its relevance must be validated. Indeed, we are subject to insidious biases that are all the more able to distort our intuition because we are unaware of them. This happened to a plant manager who was convinced that an investment to increase production capacity was absolutely necessary. Indeed, this intuition was partially based on his experience and his capacity to anticipate demand using market indicators. But it was also strongly driven by his desire to launch a new project that would be outside of his normal routine, in a domain which particularly interested him as a trained engineer. The plant thus found itself with surplus production capacity.

Only a conscious and systematic effort can counter this phenomenon. We consequently benefit from making a list of the factors that push us to go in a given direction when faced with a decision. We can then analyze to what extent each of these factors influences our intuitions on a case-by-case basis. Merely becoming aware of these filters is often sufficient to reduce their impact. Similarly, searching explicitly for differences with known situations can underline the limitations of intuition. For example, when signing a contract with a new partner, we often depend on a strong gut feeling, i.e., *"Will this work out with them?"* To assess the relevance of this feeling, we are better off asking ourselves what aspects are different from partnerships experienced in the past.

We must take proactive steps to identify the factors that influence our intuitions.

Check-list

We are advised to do some introspection to keep our personal biases and filters from past experience from skewing our intuition.

- **Have you ever experienced similar situations?** What do you feel when you think about these situations? Are they generally positive or negative feelings?
- **How do you feel personally about this decision?** Do you feel excited, anxious, tired, flattered, etc.? Do you have a personal interest, for example, a potential promotion, a friendship at stake, a previous commitment to keep?
- **What is your general frame of mind at this moment?** Do you feel energetic, depressed, optimistic, tired? Could this color your perception of the situation?

Expand your expertise

Accumulating experience to improve the quality of our intuition requires a disciplined approach to avoid creating inappropriate reflexes.

- **Why did you make this decision?** What was your initial impulse? What steps did you take to make your decision? What dilemmas did you encounter?
- **What was your interpretation of the situation?** What elements might you have missed in the process?
- **What positive or negative impact did your decision have on the end result?** Can you imagine what would have happened if you had decided differently?

4th pecaution

Be selective concerning your domains of intuition

Intuition is valid only when our experiences enable our brain to make relevant analogies.

A fundamental factor in the successful use of intuition is a sufficiently broad base of experience. We must also be selective about the domains where we choose to listen to our intuition. One sales director, reputed for his remarkable intuition in negotiations, explains: *"I'm usually right about how far I can go, and can feel whether the other side is willing to make concessions. But in China, my intuition is no good. I don't have the decoder."* In such cases, it is better to be prudent. However, we can also work over time to make our intuition more reliable in selected domains, by performing simulation exercises, role playing, and real-life experiments.

> We can't be equally intuitive in every domain.

We must be careful, however, because accumulating experience is insufficient. We must still **make sure that feedback is sufficiently reliable** to draw relevant conclusions. For example, we might feel a given negotiation was successful. However, we might modify our judgment when we discover what concessions the other side was actually willing to make. Great discipline is therefore required to reinforce our intuition based on our experiences.

Check-list

- **Does the information on which the decision is founded come from several sources?** Are these sources reliable? Are they independent from each other?
- **Is your team prone to groupthink?** Did the intuition of an expert or a leader influence the information collection process and the choice of criteria?
- **Was the decision subject to "anchoring"?** Did some initial remarkable element influence the intuitions of the decision makers?
- **Were various scenarios considered?** Was there discussion on alternative scenarios even if they did not correspond to the dominant intuition?

5th precaution

Analyze your intuitions

Intuition and rational analysis are often considered to be contradictory. However, logical analysis is an essential tool to make our intuition more reliable. Rather than eliminating one in favor of the other, the experts thus recommend combining them.

Logical analysis can be particularly useful in identifying intuition errors. A good illustration is the *"pre-mortem"* method developed by Gary Klein, presented below. A checklist can also be used to verify that we have not forgotten an essential facet of the decision-making process. For example, rather than focusing on what is similar to a known situation, gathering all the facts which underline differences can help to avoid many mistakes: *"The project manager I want to recruit has a profile very similar to that of my best employees, and a long history of success. But how do the environments in which he succeeded differ from our context?"*

> Intuition and logical analysis can be usefully combined.

A good way to analyze the relevance of our intuition is to **consider the possibility that our intuition is based on an erroneous assumption**. If we are convinced that we must be massively present in a given market before it is too late, we should force ourselves to imagine a future that contradicts this conviction, that is, a situation where no serious competitor emerges within the next three years. What does the analysis of this scenario tell us? Does it alter our initial intuition?

Conduct a "pre-mortem" analysis of your intuitions

The intuition expert, Gary Klein, developed a highly effective method to make intuitions more reliable. Rather than analyzing why a project failed in retrospect, he recommends conducting this analysis before making the decision.

1. Gather your employees and ask them to imagine that the decision turned out to be a patent failure.
2. Ask each one to note, silently, the possible reasons for this failure. Encourage them to dig deep to identify the most unsuspected reasons.
3. Share this thinking and discuss identified risks. Adapt your decision in consequence.

Based on ***Strategic decisions: When can you trust your guts***, interview with Daniel Kahneman and Gary Klein, The McKinsey Quarterly, March 2010.