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## A FACT-BASED CASE AGAINST GUT-LEVEL DECISIONS



why organizations need to morph their  
decision-making processes at the grassroots level

### HIGHLIGHTS

*We want fast-talking, heroic, shoot-from-the-hip leaders; quiet, pensive, deliberate leaders bore us ... however ... quiet leaders who rely on deliberate, decisioned processes are ultimately the movers and shakers of the business world*

“Outstanding leaders appeal to the hearts of their followers – not their minds” suggests an old saying. Outstanding leaders also make decisions primarily with their hearts not their minds.

Leaders today are celebrated for their quick-draw, cavalier decision-making prowess often relying on nothing more than their instinct and intuition. While in many cases, decision-makers do not have the luxury of deliberating, our corporate culture compounds the predicament by discriminating against lengthy admonition. Decisiveness is often regarded as the largest contributor to successful leadership. We want fast-talking, heroic, shoot-from-the-hip leaders; quiet, pensive, deliberate leaders bore us. We revere these leaders – persons who can make the right decisions in pressure situations relying only on an “inner wisdom.”

There is a strong case to be made about being quick and decisive anyway. In many instances, deliberating and thinking about a decision does not alter the outcome. As T. Boone Pickens says: “Be willing to make decisions. That's the most important quality in a good leader. Don't fall victim to what I call the Ready- Aim-Aim-Aim Syndrome. You must be willing to fire.” Decision-making is a process and good leaders realize this. Even with complete access to necessary information, the initial decision might be wrong and mid-course corrections might be needed. Practical leaders realize that often the best way to get to the finish line is to make a am initial decision (in all probability, not the correct one) and then adjust and tinker on the fly in a do-it, test-it, fix-it mode. So, there are certain aspects of top quintile decision making that lends itself to a more left-brained, intuitive approach.



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Occasionally, faced with data overload, it might be prudent to let your "inner wisdom" cast the final vote. However, listening to the little guy inside your head can be increasingly problematic in today's business environment (the little guy likes taking shortcuts, and in life the shortest route is usually mined). Data has increased exponentially – the amount of information that needs to be incorporated by an individual before making a critical decision has become staggering – although probably not as staggering as the overwhelming amount of “noise” that needs to be discriminated out. Not long ago, an executive’s “gut feel” might have been adequate for decision making purposes, but today data overload can play tricks on intuitive decision-making.

Furthermore, we are in a rapidly changing, complex world; intuition and instinct-based judgment proves more useful in stable environments. The reason, as Eric Bonabeau states is that intuition is “judgment grounded in experience.” Rarely, does someone’s intuition develop as a result of something they have not directly experienced. As such, the primary problem with intuitive-based decision-making is that it does not challenge any of the decisions governing assumptions. It is, in effect, a coarse pattern recognition machine. A more disturbing problem according to Bonabeau is that intuitive leaders "seek patterns in new situation that do NOT exist." So, the world is changing and intuitive-based decision-makers are still applying their old "inner wisdom" when making decisions – a probable recipe for disappointment.



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Why do we not hear more often about these disappointments, if they are prevalent? Unfortunately, our memories seem to be soldered for selective recall. As Daniel Schacter, a renowned memory expert notes that “we often edit or entirely rewrite our previous experiences in light of what we now know or believe. The result can be a skewed rendering of a specific incident ...” Our decision-making failures are thus conveniently swept under the rug whilst we tend to celebrate times that we hit the jackpot.

But, as in all gambling situations, gamblers lose out in the long term. The only proven way to beat “the house” is to count cards. By transforming the art of decision-making into more of a science, we are, in effect, counting the cards and giving ourselves the advantage in this game of probability. Scientific decision-making is the process of methodically categorizing a fact-base, then crafting a series of options or outcomes (and assigning appropriate value and probability to each scenario) and then making a well-qualified decision based on the assembled fact-base. It is analytical, deliberate and studied; but, over the long term yields greater success than pure intuitive-based decision-making.

As Joseph Badaracco describes in his book “Leading Quietly”, quiet leaders who rely on deliberate, decisioned processes are ultimately the movers and shakers of the business world . It is true – “ready, aim, fire” never gets as much press as “fire, ready, aim” but ample empirical evidence collected by Badaracco suggests that it is a worthy alternative over the long term.

Moreover, what is clearly tipping the balance in the favor of scientific decision-making is the flurry of decision-support tools that have flooded the market in recent years. From scorecards to dashboards, from Business Intelligence to Business Performance



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Management, many structured, fact-based decision tools have sprouted giving scientifically inclined decision-makers a great advantage. Needless to say, many of these tools still suffer from data integrity and information mapping problems. They have, however, moved the thinking forward that perhaps the science of decision-making while not as glamorous as the art of decision-making, might be more effective (I would rather be boring and right every time).

This nominal, if not yet seminal, change in philosophy is perhaps still rooted in strategy cubicles instead of at the CEOs office. It is important to realize that these changes driven by the advent of these new tools have also given rise to new analytical fervor. Insight intelligence, the fruit of creative analyses, that leads to new discoveries would be difficult without these decision support tools. The fact that people are looking at reports and scorecards, scratching their heads, doing ad-hoc and what-if-analyses is an important shift. The process of architecting, understanding and explaining a set of analyses is often an undervalued, but highly creative idea burgeoning process.



So far, we have painted a picture of two seemingly opposites – intuitive versus factual decision processes. The reality is much more complex. As was mentioned previously, intuition is judgment grounded in experience. And, if the experience is “positive”, based on valuable, new insight, then intuition becomes palpable. Imagine intuition as a muscle – it needs to be fed to get stronger – we feed it with new experiences strengthening our intuitive acumen. So, intuition actually offers us a way to integrate and synthesize, to balance and eventually discriminate against potential data over-stimulation.

Scientific decision-making, thus, does not replace intuitive decision-making. Used appropriately, fact-based decision-making seems to exercise and "hone" our intuition – a necessary fight-and-flight response that we need. There are situations where fact-based decision-making is more appropriate than intuitive decision-making and we need to get better at knowing and differentiating these situations. In either case, real-time decision-support tools, enhance the ability of leaders to make intelligent, high probability-of-success decisions decisively and have a fact-base to back them up.

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- i “Don’t Trust Your Gut” by Eric Bonabeau, Harvard Business Review, May 2003
- ii “The Seven Sins of Memory” by Daniel L. Schacter, Houghton Mifflin, 2001
- iii “Leading Quietly” by Joseph Badaracco, Harvard Business School Press, 2002