

Facts vs. Intuition

Even though technology enables us to access data in a more powerful and comprehensive way than ever before, many executives and political leaders still proudly boast of using their “gut” to make tough decisions as a mark of their gifted leadership – as if data were only peripheral to the process.

Should they be bragging? Is intuition the most important factor in decision-making? Or do facts matter the most? Let's start breaking that question down – first by, ironically enough, looking at the facts about intuition.

ANALYZING INTUITION

When most people hear the word, “intuition,” they immediately think of something akin to ESP or a “sixth sense.” People with intuition are believed to be feeling something coming that isn't apparent in any other way. They perceive the future through some mystical power – and there doesn't seem to be a rational explanation for their premonitions.

Frequently, though, intuition can be linked by a person's existing knowledge and experience. For example, firefighters are said to be able to “sense” how flames will spread before they actually do. Nurses likewise can often “feel” a patient's health problem before the evidence is in, and a poker expert can “read” another player to discover a bluff.

All of the above is chalked up to intuition - but studies show that it's a lot more than that. When you're put in the same situation over and over, as are the professionals in each of the above-mentioned roles, you're able to evaluate what's going on at a subconscious level – reading incredibly subtle signals and signs that are invisible to the average person.

It's the same in everyday business. We often pick up on subconscious cues from our co-workers just because we know them so well – or we read between the lines of a spreadsheet to spot a problem that isn't readily apparent to any but the most experienced business leaders.

You may be saying, “Wow. Intuition is like my secret super power.” Well, before you apply for membership in the Avengers, let's dig a little deeper. Because relying primarily on intuition as the most important metric in your day-to-day decision-making gets a little tricky.

INSIDE INTUITION

The problem with relying on pure intuition is that intuition...is rarely pure. Human beings tend to be subjective rather than objective beings - meaning our own perspectives contain serious flaws. Those flaws include:

Prejudices

You may not personally like someone – so you quash a business relationship with him or her because your intuition says “No”. Or maybe you have had a bad experience with a company that has since gone through a fundamental change in management or outlook – but you can't get past that previous encounter. In both cases, your own personal prejudices may be cutting off avenues that could be important to both you and your business.

Restricted Application

Let's switch around the intuitive examples we used earlier – let's put our firefighter in the ICU and our nurse in a burning building. As you can imagine, their intuitive powers would suddenly be at a loss. Intuition built from experience and knowledge only applies to the arena you were trained in. When you're out of your area

of expertise and you still attempt to rely on your old intuitive skills instead of the new information at hand, you apply old solutions that don't fit your new problems. This is often why executives fail when they're promoted to new levels or switch to new positions that are out of their comfort zone.

Attempting to Predict the Unpredictable

Intuition works best in a situation which provides solid cues and quick feedback – as the burning house does for the firefighter. On the other hand, some situations are so abstract and complex, with so many different variables, that there is really no possible way to predict what will happen. The stock market is a good example. With so many factors influencing it, the stock market is an absurd situation and intuition won't work.

Intuition isn't Perfect

Intuition isn't perfect, even when it's based on many years of experience. One example of this comes from the American Psychological Association, which published a study where experienced psychologists shared their criteria for diagnosing patients. Researchers created models from this data which they then used to diagnose new patients. The models themselves actually ended up providing more accurate diagnoses than the psychologists did personally.

Overreliance

When we rely too much on intuition, we can often overlook the facts that tell us we're making a mistake. For example, when someone is on a roll in a casino, they're frequently consumed with a "can't-lose" mentality that causes them to continue to bet their winnings – even though they're aware that eventually they will lose it all because the odds are stacked in favor of the house. Intuition is part of human nature – but relying on intuition alone, without considering the facts, can be risky.

JUST STICK WITH FACTS?

Information balances intuition. When we seek out reliable and verifiable information to inform our decisions, we, in a sense, take the necessary steps to "purify" our intuition and remove any personal bias that might be clouding it.

At the same time, however, it has to be noted that intuition also balances information. Besides dealing with the unexpected, we're also often presented with a dilemma which has no clear "best" solution; we actually have to make an educated guess on what to do. In those cases, the information available simply isn't enough – we need to employ at least some level of intuition.

So which should you use – intuition or facts? Actually, studies have shown that a mix of information and intuition is actually the key to business success. Studies found that the vast majority of executives use both in their decision-making. The more successful companies, however, favored information over intuition when using this combination. As modern data discovery tools enable quicker access to data insights, it is expected to have more and more data points to back up our intuition when it comes to better decision making. Businesses that used either facts or intuition exclusively made statistically poorer decisions compared to those that used a combination of the two.

Mining and monitoring the right business data enables us to make objective conclusions on what a company needs to do to grow and thrive - just as the psychologists' diagnostic models more accurately pinpointed a new patient's condition than the psychologists could.

We all have the capacity to develop significant and incredibly effective internal decision-making mechanisms - or, what we like to call "intuition." The challenge is to understand how that intuition works, what its limitations are and to always defer it to the facts at hand. That's how we stay objective - and how we end up successful.