

SEVEN Bytes

DECISIVE LEADER OR LUCKY RISK-TAKER...

The non-committal stance of the UK Labour Party leader, Jeremy Corbyn, on Britain's exit from the European Union has had him branded as dithering and indecisive and therefore, unfit to be a leader. Fast, confident decision-making is often seen as the hallmark of strong leadership, in business as well as politics, and candidates for senior executive positions will seldom get very far if they cannot demonstrate decisiveness in their track record.

INTUITION OR JUDGEMENT?

When we ask leaders to tell us about situations where they acted most decisively, they rarely describe a 'rational' model of decision-making – very few proceed by collecting all the relevant evidence and information, carefully identifying and evaluating all the options, calculating benefits and risks, maybe conducting a SWOT analysis, and so on. They are more likely to talk about the pressure to act quickly and the strength of hunch or 'gut feel' about the course to take. There is often a sense of adrenalin-fuelled excitement in the face of high stakes. What comes across in these accounts is that their decisions owe as much if not more to intuition, emotion and personality as to wisdom and judgement.

Is that necessarily a bad thing? Maybe gut feel is as good a guide as any, and is not a risky, but timely decision better than a cautious, well-thought-out decision made too late?

EXPERIENCE INFORMS "GUT-FEEL"

There are indeed some situations where intuition is valuable. If you have lots of previous experience of a fairly structured and predictable set of circumstances that also provide quick feedback of the results of your actions, then your gut feel will be a useful pointer. It is an almost instantaneous and semi-conscious recognition of a pattern that allows you to say "this is what my 'distilled experience' is telling me". Often, it is those that have to make split-second, life-and-death decisions that draw on their expertise, who report that intuition is critical to their effectiveness.

For business leaders, the picture is less clear. Experience is important, and experience contributes to intuition. But intuition can also lead to overconfidence which according to Daniel Kahneman, Nobel prize-winning psychologist, is the enemy of wisdom and sound judgement.

LUCKY WINS BREED OVERCONFIDENCE

It takes only a few lucky wins to induce overconfidence (and even a reputation for success) which reinforces their feeling that their gut is very wise, when all they have done is take chances that reasonable people wouldn't take. Relying on gut feel in complex turbulent situations risks ignoring entire aspects of problems and being a lucky risk taker is no long-term substitute for sound judgement.

YOU DON'T KNOW WHAT YOU DON'T KNOW

So, what do you do with your 'gut feel'? It won't go away; sometimes you have no choice but to trust it. It deserves to be considered, but it also needs to be challenged. Since you don't know what you don't know, that challenge should also come from other people. Inviting others to critique one's hunches is a good place to start.



