
Legitimizing the gut feel: the role of intuition in business

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Abstract

Organizations have never faced a more turbulent, complex or changing environment. Traditional managerial approaches need to be supplemented to enable business to survive. Making sense of complexity requires holistic, lateral, intuitive thinking – right-brain skills that can be improved and developed. These skills need to become legitimate features to identify, discuss and develop in business settings. Argues that right-brain skills are vital to the development of the five main qualities of a continuously learning organization: customer-centred vision; systemic thinking; alignment; empowerment; and openness. These five characteristics are identified as crucial to organizational success and are explained more fully using practical examples. Concludes that managers will be selected and developed using quite different criteria from those used to build the bureaucracies of the past.

What you're up against is the great unknown, the void of all Western thought. You need some ideas, some hypotheses... Traditional scientific method has always been, at the very best, 20-20 hindsight. It's good for seeing where you've been. It's good for testing the truth of what you think you know, but it can't tell you where you ought to go, unless where you ought to go is a continuation of where you were going in the past. Creativity, originality, inventiveness, intuition, imagination – "unstuckness", in other words – are completely outside its domain[1].

Today's business environment

It has become a truism in today's world that organizations have never faced a more turbulent, complex or changing environment, whether in social, political, economic, technological or ecological terms. Customers are more demanding; other stakeholders are more strident; product life cycles are shorter; technologies do not remain constant for long. One has continuously to scan the competitive environment to avoid being kicked off the playing field. Companies are asked to fulfil an economic role and to do so in a morally and legally acceptable way. In other words, business objectives must be pursued in a world full of discontinuities where prediction of the future is a highly hazardous occupation.

This unprecedented set of circumstances, more than anything else, has led to a serious questioning of the form of organization and management approach that we know the best and have lived with the longest: bureaucracy. Its characteristics are well-known: hierarchical authority systems; top-down communication; compartmentalized organizational units and functions; rules and regulations; and managers who monitor and control. The appropriate metaphor is an unthinking machine in which the employees are simple cogs.

Bureaucracies have excellent track records in environments which are stable and therefore predictable, despite the dehumanizing effect at the individual level for those working in such a system. However, in today's dynamic post-industrial era, corporations that cleave singlemindedly to this model risk the same fate as dinosaurs.

Both in management schools and in corporations, one of the issues preoccupying many is: how do we manage this constant

uncertainty and change? Given the known limitations of bureaucratic organizations, what alternative model can better anticipate and respond to the dramatic conditions of our environment?

Finding new patterns

In a world where the only certainty is change, and where there is too much information rather than not enough, senior managers need new skills: the ability to see patterns rather than individual factors, systems rather than components; to rely on judgement rather than purely rational analysis. Synthesis becomes more important than analysis. This is not the place for a dissertation on the qualities and functions of the left versus the right hemispheres of the brain. However, there is increasing acceptance that in the latter resides the capacity to approach experience holistically, synthetically, laterally and in network terms. The left hemisphere is the focal point for rationality, analysis and linear thinking. There is overwhelming evidence that the nature of the challenges faced by modern corporations cannot be confronted successfully by pure left-brain approaches. Stephen C. Harper, professor in the department of management and marketing at the University of North Carolina, has made the point well:

Conscious thought is linear in nature and prone to tunnel vision ... With lateral thinking, the mind may combine seemingly unrelated facts and come up with innovative approaches for addressing problems that conscious thought has not solved. The conscious mind is regimented, it tends to go through the front door ... [lateral thinking] will come through the back door, the windows, or even down the chimney in pursuit of a better way to do things and better things to do[2].

In other words, “gut feel” or intuition is a skill to be developed, not a trait to be concealed or denied. Organizations which enable their members to use and develop their intuitive capacities will, in our opinion, acquire sustainable advantage in the marketplace.

Defining “intuition”

Clearly, this is a semantic and conceptual minefield. In an attempt to summarize cur-

rent thinking in this area, the definition we will use describes intuition as:

- a brain skill;
- operating largely from the right hemisphere;
- capable of entering awareness at physical, emotional and mental levels;
- whose sources are the subconscious, unconscious and/or supraconscious; and
- which enters consciousness without rational thought or careful analysis and quantitative calculation.

If we accept that intuition is a brain skill, as has been convincingly argued by Weston H. Agor[3], it follows that it is capable of being improved and developed. It is not an attribute bestowed on a chosen few. It is not something magical, mystical or paranormal. However, its applicability in the real world of creating successful, purposeful organizations is only beginning to be explored.

The continuously learning organization

Arie de Geus[4], who spent most of his career with the Royal Dutch Shell Group and recently retired from his position as senior planning executive, said in 1988 in the *Harvard Business Review*: “The ability to learn faster than competitors may be the only sustainable competitive advantage”. Researchers on both sides of the Atlantic, notably in the USA and the UK, have started to examine the salient characteristics of corporations striving to be continuously learning organizations (CLOs).

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One model has been designed by Michael Maccoby[5], who has coined the phrase “the technoservice organization”. He defines such an organization as one which uses systematic knowledge and information technology with the specific purpose of providing better customer service. A key function is to customize products and services for customers both inside and outside of the corporation. Only thus, argues Maccoby, can organizations respond to a continuously changing environment and an ever-more

demanding client. This, without any doubt, requires the organization to draw from the learning capacities of all of its members.

Maccoby's technoservice organization is a far cry from the traditional bureaucratic model. Authority systems are based more on competence and knowledge than on position in the hierarchy. Personalized training and self-development at all levels are major priorities. Work-flow systems must be designed so that intra-organizational boundaries are membranes rather than solid walls, and flexibility is the keynote. Cross-boundary networks and teams form and dissolve as the business demands. In such an organization, one of management's main jobs is to develop a corporate culture in which teamwork and personal – as well as institutional – learning can take place on a continuous basis.

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Technoservice organizations are fundamentally more complex than the traditional bureaucratic organizations. People are seen not as cogs but as active, contributing, intelligent parts of an organic, evolving system. The goal is to tap as much as possible of the intellectual, emotional, creative and physical capacities of the firm's multi-faceted individuals and teams in pursuit of the corporation's mission and strategies. Approaching experience holistically, synthetically, laterally and in network terms, i.e. tapping the intuitive potential, is a required condition for success.

Characteristics of the CLO

Maccoby's "technoservice" organization is one variant of the learning organization. In general terms, we see the continuously learning organization as having five major attributes. These are: customer-centred vision; systemic thinking; alignment; empowerment; and openness. We shall describe each of the five attributes and suggest where intuition could be a vital component.

Customer-centred vision

Many, if not most, corporations have a fairly well-defined vision of the kind of company

each is trying to become. Often these vision statements are well documented and published for internal and/or external consumption and have a slogan which captures the essence of the desired direction.

What distinguishes many CLOs, first of all, is that the external customer figures prominently in the slogan. It is as if the CLOs have rediscovered the basic truth that corporate survival and growth are dependent on the customer deciding to pay money for their products and services because their products have greater perceived value than those of their competitors. Here are some current and past examples of putting the external customer up front:

- "Big enough to see beyond profits to people" (Sanwa Bank).
- "The best ideas are the ideas which help people" (ITT).
- "3M hears you" (3M).
- "Putting people first" (British Airways).
- "Work for the world, care for the people" (Komatsu).
- "The ultimate driving machine" (BMW).
- "The businessman's airline" (SAS).
- "What mankind can dream, technology can achieve" (Fujitsu).
- "We're committed to you" (Fortune).

Second, CLOs have reformulated the traditional meaning of customers to include internal customers. In all but the smallest companies, there are hundreds, if not thousands, of internal customer-supplier relationships. The customer, for the purchasing manager, may be the production superintendent; for the market research department, the salesforce and/or the product design group; for the personnel function, the management team. What CLOs are learning is that it is impossible to "delight" external customers if the internal supplier-customer relationships are not working well from top to bottom.

How does intuition relate to vision? Because vision is a picture of the long-term aim of the company, it is virtually impossible in today's turbulent world to prove with hard numbers that a particular vision is the right one. A leap of faith is required, with intuition as the guide. In the early 1980s, ICL, the UK-based information-technology firm, developed the vision that its customers would no longer wish to be bound by propri-

etary operating systems that tied them to one computer supplier. ICL was a founder member of the “open systems movement” that today, some ten years later, is recognized as the way forward for the computer industry. Customer-centred vision helps to focus the energy of a company on a long-term goal, sustaining it through the inevitable peaks and troughs along the way.

Systemic thinking

CLOs are realistic about the complexity of their organizations. They see their organizations as complicated socio-technical systems in constant interaction with a changing environment. The human elements comprising the CLO are linked in intricate networks. When something goes wrong and goals are not being met, the focus is not so much on “Who screwed up?” as on detecting the nodes of the system which have contributed to the failure. The search is undertaken for the points of maximum leverage which will prevent such breakdowns in future. Catchwords are “interdependency” and the need for “optimal fit” between the myriad elements of the system.

In the early 1970s, Pehr Gyllenhammer, CEO of Volvo AB, decided that an aspect of his vision for the company was that it would be seen as exemplary in the way that it treated its employees. The Kalmar project, which defied the industry’s conventional wisdom at the time, revolutionized the assembly method for automobiles. Rather than assembly-line production, with employees working individually at set workplaces, with minimum duration work cycles – a strongly linear, logical approach – Volvo created self-controlled work teams with long job cycles assembling various elements of the car, responsible for their own quality control, hiring their own co-workers and even having the authority to close down the line when problems appeared. Viewing automobile assembly in a systemic rather than a linear fashion led to a resounding business success in quality and cost terms at the time, with absenteeism and personnel turnover considerably reduced as compared to traditional final assembly lines.

Peter Senge of MIT, one of the leading thinkers in this area, has said:
Systems thinking may hold a key to integrating reason and intuition. Intuition eludes the grasp

of linear thinking, with its exclusive emphasis on cause and effect that are close in time and space. The result is that most of our intuitions don’t make “sense” – that is, they can’t be explained in terms of linear logic ... As managers gain facility with systems thinking as an alternative language, they find that many of their intuitions become explicable. Eventually, reintegrating reason and intuition may prove to be one of the primary contributions of systems thinking[6].

Alignment

CLOs at their best seem to do a better job than do their bureaucratic cousins of lining up the physical, emotional and intellectual energies of their members so that they point in the direction of the corporate vision. At its most basic level, alignment has to do with motivation – constantly looking for ways to keep people enthusiastic about their work and their contribution to the implementation of the company’s mission.

In 1991 and 1992, ICL used a management development programme – called “the directors’ programme” – as an important mechanism in encouraging alignment. Although ICL is the only European computer manufacturer to have been consistently profitable since the early 1980s, the ICL board was well aware that there was no room for complacency in the fast-changing information-technology market. Peter Bonfield, ICL’s chairman and CEO, sponsored a programme of facilitated workshops for ICL’s top 30 management teams, designed to give those teams some creative thinking time to determine their roles in achieving the corporate vision.

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Three teams attended each of the ten events, fostering cross-company teamwork and exchange of views. The design of the workshops encouraged right-brain thinking – each team was asked to visualize their part of the business as an ideal world where everything fitted their model of the perfect business.

The rest of the workshop was spent finding creative ways of closing the gap between the ideal and the real, with the common goal

of faster implementation of the ICL Vision. Peter Bonfield[7] commented that at least 50 per cent of the issues on the agenda at ICL's annual board strategy review in late 1991 had been developed on directors' programme events earlier in the year.

Facilitating two-way communication on the corporate vision is an important aspect of alignment. However, as is usually the case with regard to the motivation of human beings, only intuition can tell us which actions will best motivate individuals in a particular organization. The intuitive skill is knowing which mechanisms will work in a particular corporate culture to align the energies of a particular group – from a weekly “beer bash” in a Silicon Valley start-up to a professionally-produced corporate communications video to a creative sales incentive scheme.

Empowerment

One of the terms which has entered the management lexicon with a vengeance during the late 1980s is “empowerment”. While there is a risk that it will become just another short-lived “buzz-word”, the concept is an important one in a CLO.

“Empowerment” means giving power to members of the organization to act, with a minimum of close supervision. It implies delegation of decision making to the greatest extent possible, in keeping with the ability of those concerned to assume the responsibility. Participation is the norm and high performance expectations are a given. The role of a manager becomes that of a coach rather than a controller or monitor, with training and development high on his or her list of responsibilities. Trust and respect need to be the underlying values in such an organization, with an individual's status being based on competence rather than hierarchical position.

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Empowerment, like alignment, means knowing the people in an organization and sensing when and how to empower them. The intuitive ability of senior managers plays a key

role in this. Returning to the example of ICL, empowerment was one of the recurring themes in the recent programme of senior management workshops. As a result, the company is embarking on a radical restructuring of its activities, aimed at giving customer-focused business units maximum flexibility in running their part of the business, while encouraging cross-company networking and learning. Many of the traditional controlling/reviewing activities of senior management are being simply eliminated, freeing time for higher value-added activities which will ultimately be to the greater benefit of the business as a whole.

Openness

The final descriptor of CLOs is openness. In an uncertain, changing world, there are no “right” answers and sometimes the wrong path will be chosen. Neither analytic reasoning nor intuition is infallible. In a CLO, “mistakes” are viewed as opportunities to learn. An atmosphere of openness is encouraged in order to identify and correct mistakes before they can seriously harm the business. The familiar “CYA” syndrome is one of the most effective blocks to learning, with mistakes unrecognized and lessons unshared.

Managers in a CLO have a responsibility for being role models in this regard – their reaction to a mistake will set the tone for reactions elsewhere in the organization. Intuitive ability is required:

- to sense when to recognize publicly one's own mistakes and to share the lessons learned; and
- to judge how to react to another's error of judgement. Acting as a role model in these situations will be a strong reinforcement of the learning culture in the organization.

Summary and conclusion

There is no denying that rationality, analysis and linearity will continue to be vital contributors to decision making, problem solving and organizational development. However, given the evolution of the business environment, we believe that CLOs are the form of organization best adapted to producing efficiency, effectiveness and profits. We have argued that the use of right-

brain skills such as intuition must be recognized and developed in order to create a CLO successfully. Corporations which are able to tap the full range of human capability are bound to have a sustainable competitive advantage.

As more is learned about intuition and its power in business, we expect to see considerable changes in the way managers are selected and developed. Business schools and corporations alike will need to redefine their approach to management development and identify how best to develop the visionary leaders of the future – those who will find the levers in their organizations to release the full potential of their human resources. It is an exciting challenge.

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