

Don't Be Dispassionate: How to Use Emotional Impulses to Make Better Decisions

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Recently, I had an opportunity to read a special issue of the *Harvard Business Review* called “The Brain Science Behind Business”—a compilation of previously published articles about neuroscience. Reading these articles got me thinking about the role of heuristics in risk management.

Heuristics refers to a set of rules we develop through experience that help us assess risk and make decisions. Common terms for a heuristic will be familiar: rules of thumb, an educated guess, or listening to your gut. Recent discoveries in the field of neuroscience offer new insights into heuristics, and the imperfect methods that help us understand the mechanics of problem solving. Significantly, these discoveries are helping us understand the role of emotions in risk assessment.

Deliberation vs. Intuition

How does a heuristic serve us without a complete understanding of our decision-making process, and what is the value of listening to subjective emotions, against dispassionate reason? Can we optimize instinct in decision-making, and could intuition outperform deliberation? Debate in the scientific community is ongoing, but there are ways heuristic techniques are already used in risk management that enter into this dialogue between business and science.

Internally-Directed Learning

Over the past decade neuroscience has made exciting discoveries into the brain’s “default network”—a class of cognition that controls introspection, with the ability to envision alternatives based on one’s past experience. One discovery is that even during periods of unfocused down time, or “zoning out” the brain is spending considerable energy processing existing knowledge. Our learning is never truly at rest. These self-generated thoughts can be a source of creative insights that facilitate unique solutions to ongoing problems.

When you engage in unfocused activity, we are not detached from the default network in the brain. This discovery, something artists and scientists have recognized throughout history (as the muse responsible for inspiration, or Eureka! moments), has led more companies (particularly tech firms) to encourage unfocused free time as a valuable and underutilized factor in generating breakthrough innovations.

You may have experienced the default network when you’ve found the solution to a difficult problem only when you stepped away from the desk, or while taking a morning shower, walking your dog, reading a novel, or daydreaming. The question is, how do we unlock the default network, and tap into the “affect network” (automatic and endocrine responses that the brain interprets as emotions)? Simply put, what is the role of heuristics in decision-making?

As Adam Waytz and Malia Mason, authors of one of the *HBR* articles write in “Your Brain at Work,” new approaches to neuroscience are revealing that, “A hunch is not some mystical sixth sense. It’s a real neurological response that manifests itself physically.” Heuristics are tools and approaches ingrained in the

neurological response to our physical reality. It's how we are able to sometimes fly by the seat of our pants and still land on our feet. "Leaders tend to push away feelings in making decisions because they think it's best to be dispassionate. But a mounting body of neurological evidence suggests that emotional impulses should not be ignored. The 'affect network' fast-tracks decision making and helps us process information that may include too many variables . . . So hunches are extremely useful in helping us bypass complex and laborious analysis. Should we always trust them? Absolutely not," say Waytz and Mason.

Listening Effectively to Doubt

Hunches are rarely if ever agnostic. Even if they are sometimes felt as vague and amorphous impulses, they tend to be binary: a positive or negative hunch. Leaders who espouse the value of positive thinking at all costs, over naysayers in their organization, may do so at their peril. The *HBR* authors don't suggest leaders be guided by doubt and anxiety, but listening to doubt, evaluating fears instead of avoiding them, can generate better outcomes, ". . . the neuroscience of emotion shows us that although hunches are fallible, it's worth exploring them more than we do. Particularly in situations involving risk, negative gut feelings can prevent leaders from making overconfident or overly optimistic decisions."

Leaders who are over reliant on metrics may believe these tools detach them from an emotional response, pushing away their feelings when making important decisions because they believe "it's best to be dispassionate." This can lead to an over reliance on information gathering, and to overriding their own experience. Information may be knowledge, and knowledge may be power, but information is not intelligence. It's not even learning.

Glenn Mott is a Senior Consultant for NRMCC. Look for him to expand on this topic in our Spring issue of Risk Management Essentials.