

# THE BIG IDEA

By Professor William R. Duggan, Columbia Business School

## Strategic Intuition:

### East Meets West in the Executive Mind

**W**hen do you get your best ideas? You probably answer “At night,” or “In the shower,” or “Stuck in traffic.” You get a flash of insight. Things come together in your mind. You connect the dots. You say to yourself, “Aha! I see what to do.” Modern brain science now reveals how these flashes of insight happen. It’s a special form of intuition. We call it strategic intuition, because it gives you an idea for action – a strategy.

Brain science tells us there are three kinds of intuition: ordinary, expert, and strategic. Ordinary intuition is just a feeling, a gut instinct. Expert intuition is snap judgments, when you instantly recognize something familiar, the way a tennis pro knows where the ball will go from the arc and speed of the opponent’s racket. (Malcolm Gladwell wrote about this kind of intuition in *Blink*.) The third kind, strategic intuition, is not a vague feeling, like ordinary intuition. Strategic intuition is a clear thought. And it’s not fast, like expert intuition. It’s slow. That flash of insight you had last night might solve a problem that’s been on your mind for a month. And it doesn’t happen in familiar situations, like a tennis match. Strategic intuition works in new situations. That’s when you need it most.

Everyone knows you need creative thinking, or entrepreneurial thinking, or innovative thinking, or strategic thinking, to succeed in the modern world. All these kinds of thinking happen through flashes of insight – strategic intuition. And now that we know how it works, you can learn to do

it better. Flashes of insight are so important that scholars have written about them for centuries. The best description comes from an early classic of military strategy, *On War* by Carl von Clausewitz. The word “strategy” entered the English language in 1810, when Napoleon’s success as a battlefield general made him emperor of Europe. His enemies started studying how he did it so they could learn his methods and defeat him. This was the first formal scholarly study of strategy. Business inherited that scholarly tradition directly from the military. As we look back, we see that Clausewitz’s account of Napoleon’s strategy matches amazingly well what modern brain science tells us today about flashes of insight.

Clausewitz gives us four steps for how strategic intuition works. First, you take in “examples from history” throughout your life and put them on the shelves of your brain. Study can help, by putting more there. Second comes “presence of mind,” where you free your brain of all preconceptions about what problem you’re solving and what solution might work. Third comes the flash of insight itself. Clausewitz called it *coup d’oeil*, which is French for “glance.” In a flash, a new combination of examples from history fly off the shelves of your brain and combine. Fourth comes “resolution,” or determination, where you not only say to yourself, “I see!”, but also, “I’ll do it!”

Von Clausewitz’s second step, presence of mind, is the hardest. It is very difficult to free your mind of all expectations and let your brain make its own connections. It is

#### BREAKTHROUGH PRINCIPLE

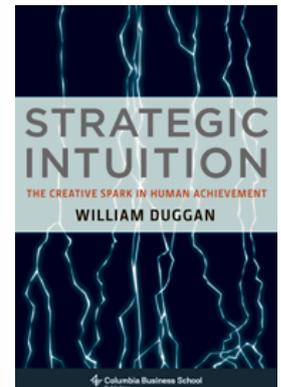
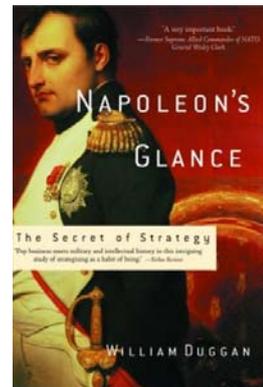
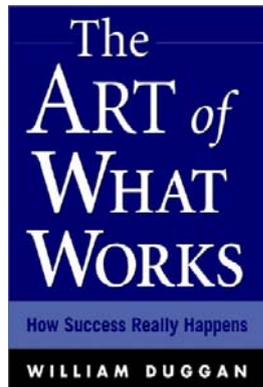


Strategic intuition is based on the latest breakthrough about how great achievements in business and other fields actually happened

## STRATEGIC INTUITION

Publicly acclaimed series of Strategic Intuition by William Duggan: *Napoleon's Glance: The Secret of Strategy*; *The Art of What Works: How Success Really Happens*; and *Strategic Intuition: The Creative Spark in Human Achievement* (2007).

In 2007 the journal *Strategy+Business* named *Strategic Intuition* "Best Strategy Book of the Year."



especially tough to let go of your goals, but you must, because innovations often take you in a new direction that you did not foresee. Presence of mind is a mental discipline very different from thinking hard. You must stop thinking. That is very hard for many executives to do.

But help is close at hand. Asian traditions of martial arts teach presence of mind as a core skill. Yoga in India began as a discipline for warriors, while Buddhism and Taoism combined to provide the mental training for the various fighting schools of China, Japan and Korea, such as ai-ki-do, ken-do, and karate-do. Four classic works explain the discipline of presence of mind in Asian military strategy: the *Bhagavad Gita* in India, Sun Tzu's *Art of War* and Lao-Tze's *Tao te Ching* in China, and Miyamoto Musashi's *Book of Five Rings* in Japan. Here's a sample from the earliest, the *Tao te Ching* about presence of mind leading to flashes of insight:

**Do you have the patience to wait  
Til your mud settles and the water is clear  
Can you remain unmoving  
Til the right action arises by itself...**

These four great works come from rich and varied traditions of Asian philosophy that feature a whole world of ideas, and each of these classics amounts to but one part of its world. Here we narrow our search to their implications for strategy. So this treatment of presence of mind covers only a small corner of the

vast tapestry that these Asian philosophies have woven through the ages. But the key point is that Asian entrepreneurs and managers must look to their own heritage as much as Western practice for this key element of successful business strategy.

Here's just an example, from the earliest

The Asian tradition of presence of mind is especially important when business owners and senior managers want to make their employees more creative. In the Western world, companies typically use techniques that run directly counter to the basic truth about how presence of mind leads to flashes of insight. Three techniques are most popular: free time, creative stimulation, and brainstorming. All three make fatal mistakes about how creativity actually happens.

Free time ranges from IBM, where everyone turns off their computer for a half hour, to 3M and Google, where you get to spend ten to twenty percent of your time on your own projects. Creative stimulation ranges from beanbag chairs and dartboards throughout the office – think Google again – to special sessions where teams make race cars out of duct tape or paint pictures with food. Brainstorming has become such a common technique it's part of the business day rather than a special event: you schedule a meeting, announce the topic, and everyone throws out ideas off the top of their heads.

See how different these are from the flashes of insight you have on your own. Free time for my own projects simply means I work on

## THE BIG IDEA STRATEGY INTUITION

something different, but gives me no guidance on how to work in a different way. If I'm plugging away on Project K, without any creativity, what makes you think I'll be more creative if I plug away on Project L instead? I need a way

to be creative in Project L, or Project K, or anything else I work on. The key question is, how can I get more flashes of insight, and take more advantage of them, whatever project I work on?

Free time to just think – to stop working and relax – is good in principle. But the problem is, you can't schedule when that will bring about a creative idea. If we all turn off our computers at 1 PM on Fri-

days, there is very little chance that will be the moment when a flash of insight strikes. Even if you let me decide when I want to turn off my computer, I still don't know when to do it. You can't schedule my creative time, and neither can I. Flashes of insight strike at random moments, and you just have to accept it.

Creative stimulation is even worse. It comes from an out-moded view of the split brain, where the left side is analytical and the right side is intuitive. Creative stimulation aims to turn the left side off and the right side on. But modern brain science no longer believes there are two sides of the brain that work in two different ways. Recent research shows that analysis and intuition work together across the whole brain in all modes of thought. Flashes of insight happen when real information stored in your brain come flying off the shelves in new combinations. The right pieces on the right shelves is analysis, and the automatic connection to new combinations is intuition. The best way to stimulate creativity is to first, put more things on the shelves of your brain, and then

second, relax to let your brain make its own connections. For these two steps, none of the popular techniques of creative simulation are any help at all.

Brainstorming is by far the worst technique for creativity. The idea that you can schedule a flash of insight on a particular topic at a particular time on a particular day, for not just one but many people, is completely misguided. It certainly helps to get ideas from other people, but can't you do that all through the week, face-to-face or by phone or email? What you find in reality is that someone says something that strikes you as interesting or important, and then while brushing your teeth the next morning, or the next week, or the next month – it connects with something else in your mind. The result is a flash of insight. That's the opposite method of scheduled brainstorming meetings.

So what is a manager to do? First, stop using techniques that work against presence of mind and flashes of insight. No more free time, creative simulation, or brainstorming. Those things just waste everyone's time, and worse, set them off in completely the wrong direction for creativity to strike. Current brain science gives us three techniques to try instead: reverse brainstorming, sleep on it, and the insight matrix.

Reverse brainstorming is simple: schedule a time once a week for your team to talk about the ideas that came to them in random moments all through the week before. Urge them to write down their flashes of insight as they occur and to talk about them with others through the week as well. The weekly meeting is just to make sure the ideas don't get lost in the rush of daily work, and to make sure that you hear them yourself. Be prepared for some of the ideas to run counter to your mission, objectives, vision, and goals. That's how you innovate: it starts with off-center ideas. And don't start arguing: just listen and ask everyone to explain as best they can where the ideas came from, that is, what came together in their minds. You want to drag them out, not down, at this stage.



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The second technique, sleep on it, is the hardest. When you're all working hard on something that requires creative thinking, the usual procedure is to work late into the night. Instead, you must summon the courage to do the opposite: send everyone home early. Working hard during the day puts lots of things on the shelves of their minds. Relaxing overnight lets those things rearrange in new and creative combinations. You'll find that people come in the next morning full of ideas that struck them in the bar or restaurant after work, or driving home, while falling asleep or as they woke up, in the shower or brushing their teeth. Some of the most exciting brain research in recent years shows how people solve mathematical problems in their sleep.

The third technique, the insight matrix, is the most important of all. It comes from GE in the late 1990s, when Jack Welch as CEO and Steve Kerr as Chief Learning Officer made new combinations of previous elements the basic problem-solving method of the whole company. The insight matrix takes what your brain does in flashes of insight and turns it into a step-by-step team method. It should come between strategic analysis and strategic planning at all levels of your company. In strategic analysis you study your situation, and in strategic planning you lay out the steps of what to do. But between must come the most important step: the main idea for what to do. Analysis does not produce that, and planning before you have an idea is a very bad idea. Flashes of insight give you the idea for your strategy, and the insight matrix lets you harness the flashes of the whole team.

Here's how it works. At the top of the insight matrix you write down your current understanding of the situation, in draft, because

it might change. Then comes analysis: you list as rows what actions you think you might need to do to succeed in the situation, in draft, because these too might change. Then you ask the most important question you can ever ask to solve any problem of any kind: has anyone else in the world ever made progress on any piece of this puzzle? The sources to search go across the top, as columns, in draft again. The team then starts a treasure hunt. They search for previous elements for the list of actions across the sources to find a good combination.

This matches how your brain works when you have a flash of insight. Your mind wanders from piece to piece of the puzzle, searching all the shelves to find pieces that go together, and only when it finds them does it know what the picture looks like – what problem you're actually solving. The insight matrix turns it in to a team exercise, and the shelves to look for pieces of the puzzle stretch across the whole world. As you go along, the team might restate the situation, revise the rows of actions, and change the columns of sources. That's exactly what your brain does before a flash of insight. And when does the team stop? When a combination strikes them as promising. It usually happens in pieces, as people come in with connections that struck them overnight. Or they might spend weeks and come up with nothing at all. You can't force it. But the insight matrix helps you try.

Let's look at an example of successful strategy to see how the four steps of strategic intuition apply in action. Let's take Google again. Did the founders of Google get the idea for their search engine through free time, creative stimulation or brainstorming – or from presence of mind and flashes of insight?

The three founders of Google are Rajeev

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## THE BIG IDEA STRATEGY INTUITION

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Motwani, Larry Page and Sergey Brin. Motwani was a professor in the Computer Science department of Stanford University in California. Page and Brin were his graduate students. Were they working on search? Not at all. Nobody thought you could make money from just search at the time. The big idea was a portal, like Yahoo, where shopping, email, search, news and other features all keep you on the same site for as long as possible. You make money on portals through banner and pop-up ads that look like magazine pages and keep you even longer on the site. Google turned out to be the opposite: in one-point-three seconds, you get your result and click through to another site. It's the opposite of a portal. But nobody knew that at the time, not even Motwani, Page and Brin.

Instead, they were working on how to apply data mining algorithms from brick-and-mortar retail to e-commerce companies. They looked on the internet for companies to study. They used AltaVista to search for them, because AltaVista was the best search engine at the time. It was the first to download the entire internet on a huge array of computers and do a full-text search. Page was on Altavista one day and noticed something: on an AltaVista search page, you could type in a URL and find other sites that linked to that URL. In a flash of insight, that combined with something else on the shelves of his mind: academic citations.

As an academic, Page knew that academic journals and publishers kept track of how many times other people cite you during a year. They rank you according to the number of citations. Page thought of ranking websites the same way: many citations give a site a high rank. He told Brin, who adapted a data-mining algorithm to do it. And they both cloned AltaVista on the Stanford computer system to try out their new

method. At this point, they thought they had a great topic for a dissertation in e-commerce. But they opened their new software to all of Stanford, in exchange for taking up so much computer space, and the users came back to tell them they had just invented the best search engine in history. So they switched to that. Here we see that the founders of Google had the presence of mind to combine existing elements and change their goal according to where the combination led them. And they did it without free time, creative stimulation or brainstorming sessions.

But that was not all. Their new search engine still had no way to make money. They did not want to sell advertising, because banner ads and pop-ups would keep the user too long on the site. The beauty of Google was to get you to target site as fast as possible. So Page and Brin quit Stanford and formed a company to work on the problem. Motwani stayed at Stanford but served on the Google board. Then one day Page was on the internet again, and noticed a site called Overture. The site sold advertising and displayed the ads as search results as a nice clean list on the right-hand side of the page. Presence of mind and another flash of insight: Page switch from hating advertising to loving this Google-like form of advertising. He and Brin wrote a version of Overture and folded it into Google. That solved the money problem. From there, Google took over the world.

In this short article, we can only skim the surface of the four steps of strategic intuition: examples from history, presence of mind, the flash of insight, and resolution. And we only named three techniques to try: reverse brainstorming, sleep on it, and the insight matrix. The application of Asian philosophy to presence of mind is itself a vast subject that deserves its own treatment. And the Google story is but one of countless examples of how strategic intuition works in practice. But perhaps the most important idea from this brief account is this: strategic intuition turns even the most ordinary business problem into an adventure. When you cultivate presence of mind, you never know when flashes of insight might come to either you or your team. Stay open to them, and grab them when they strike. ▲

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**William R. Duggan** is a Professor of Management from Columbia Business School, who is also an author of publicly acclaimed series of Strategic Intuition including *Napoleon's Glimpse: The Secret of Strategy*. He teaches strategic intuition at Columbia Business School (MBA and EMBA, and Executive Education sessions) and at Clariden Global. This article first appeared in Peking University Business Review.

2010 Clariden Global Executive Education  
Corporate Strategy Program

# Strategic Intuition: The Key to Innovation

Professor William R. Duggan  
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William R. Duggan is a Professor of Management at Columbia Business School, New York. Professor Duggan is the author of three publicly acclaimed series on strategic intuition as the key to innovation: *Napoleon's Glance: The Secret of Strategy* (2002); *The Art of What Works: How Success Really Happens* (2003); and *Strategic Intuition: The Creative Spark in Human Achievement* (2007). In 2007, the journal *Strategy+Business* named *Strategic Intuition* "Best Strategy Book of the Year."

He has 20 years of experience as a strategy advisor and consultant. He teaches strategic intuition in three venues at Columbia Business School: MBA and Executive MBA courses, and Executive Education sessions. He also teaches the MBA and Executive MBA core courses in Strategy. He has conducted seminars and workshops on strategic intuition to executives from dozens of companies around the world.

# DEVELOPING STRATEGIC INTUITION: THE KEY TO INNOVATION



**Professor William R. Duggan**, *Columbia University, Columbia Business School*  
Professor of Management

William R. Duggan is a **Professor of Management at Columbia Business School, New York**. He is the **author of publicly acclaimed series of Strategic Intuition: Napoleon's Glance: The Secret of Strategy (2002); The Art of What Works: How Success Really Happens (2003); and Strategic Intuition: The Creative Spark in Human Achievement (2007)**. In 2007, the journal *Strategy+Business* named **Strategic Intuition "Best Strategy Book of the Year."**

*The Financial Times* has labeled William Duggan as a "**Professor to Watch**" and his course has received the **highest ratings** by Columbia Business School students in 2007. He has **20 years of experience as a strategy advisor and consultant**. Dr. Duggan is a frequent guest lecturer at the U.S. Army War College.

## PROGRAM SUMMARY

Program:	<b>Developing Strategic Intuition: The Key to Innovation</b>	Tuition Fee:	S\$3,250
Dates:	21st–22nd October, 2010	Register before 16th August for Early Bird Fee:	S\$2,950
Location:	Shangri-La Hotel, Singapore		

**Program Essence:** From one of the most popular courses at Columbia Business School, this program provide exclusive tools and methods to develop strategic intuition and harnessing the creative ideas to provide powerful strategies for an organization. In order to succeed, a business leader needs to combine various kinds of thinking, such as strategic thinking, entrepreneurial thinking or creative thinking. This innovative new program offers **business leaders** exclusive tools and methods to enhance their thinking process and develop powerful ideas for their organizations. This program is based on groundbreaking research and teaching by Professor William Duggan.

## PROGRAM INTRODUCTION

How Aha! Really Happens...

In times like these, it's likely that what you're doing now won't work in the future. You need to innovate. But how? You need a creative idea that's also strategic, that you can take action on right away. Strategic Intuition offers a powerful set of ideas, methods and tools for innovation based on the latest breakthroughs in modern neuroscience, principles from classical military strategy, and surprising truths about how great achievements in business and other fields actually happen.

The key to creative ideas for strategy is a flash of insight: when your mind is relaxed and connects the dots. Modern science now reveals how these flashes of insight happen. It's a special form of intuition, called "strategic intuition" because it gives you an idea for action – a strategy. This programs helps you understand how strategic intuition happens and how you can do it better for business problems of any kind.

## WHO WILL BENEFIT MOST

This course is designed for:

- Senior and Middle-level business management
- General manager, vice president, or corporate planner
- Any executive who leads or participates in strategy formulation, strategic planning, innovation, or creative design at any level of any organization. We especially encourage those who supervise or train staff in how to strategize, plan or innovate

## HOW YOU WILL BENEFIT

Over the past ten years, William Duggan has conducted pioneering research on strategic intuition and for the past few years has taught one of the most popular courses at Columbia Business School on this subject. Through an understanding of “intelligent memory,” the brain’s ongoing synthesis of a subset of elements from the huge volume it takes in and stores, you will gain insights into determining your goal and how to achieve it.

During this program, participants will learn:

- **An idea:** Strategic Intuition, based on the science of how creative ideas actually happen in practice
- **A method:** the four key steps that make strategic intuition occur, and how to do it better yourself
- **A tool:** the Insight Matrix, for individuals and teams to apply strategic intuition to any strategic or creative problem

## PROGRAM OUTLINE

### DAY 1

#### Strategic Intuition as a Business Method

- Understand how flashes of insight work in the mind to create new ideas
- Recognize the four steps of strategic intuition in action
- Apply a team tool for strategic intuition to business problems of all kinds
- Understand ten lessons of strategic intuition for company culture

### DAY 2

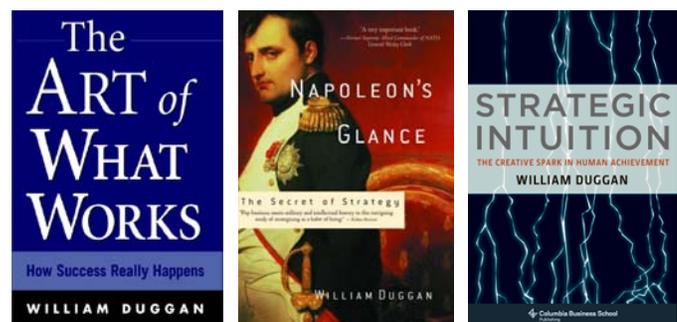
#### Strategic Intuition as a Leadership Skill

- Apply strategic intuition to leadership in any field of work
- Understand the link between organizational and personal strategy
- Apply a method to plan for organizational or personal opportunity
- Learn a method for maintaining the right frame of mind to see opportunity

## PUBLICATION

Publicly acclaimed series of Strategic Intuition by William Duggan: *Napoleon’s Glance: The Secret of Strategy* (2002); *The Art of What Works: How Success Really Happens* (2003); and *Strategic Intuition: The Creative Spark in Human Achievement* (2007).

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| <input type="checkbox"/> <b>Developing Strategic Intuition: The Key to Innovation, 21 - 22 Oct 2010</b><br>Early Bird Fee: S\$2,950, Regular Fee: S\$3,250 (fees all inclusive) | <input type="checkbox"/> <b>Implementing Growth Strategies in Asia, 22 - 23 Nov 2010</b><br>Early Bird Fee: S\$2,950, Regular Fee: S\$3,250 (fees all inclusive)    |
| <input type="checkbox"/> <b>Strategic Sales Leadership, 28 - 29 Oct 2010</b><br>Early Bird Fee: S\$2,750, Regular Fee: S\$2,950 (fees all inclusive)                            | <input type="checkbox"/> <b>Negotiation and Influence Strategies, 2 - 3 Dec 2010</b><br>Early Bird Fee: S\$3,650, Regular Fee: S\$3,950 (fees all inclusive)        |
- Preferred Early Bird Privilege, please check one:  Early bird savings  Shangri-La Hotel\*  Sentosa Resort and Spa Hotel\*  
\* one-night free accomodation in Singapore, subject to availability

## GENERAL INFORMATION

Last Name \_\_\_\_\_ First Name \_\_\_\_\_  DR  MR  MS

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Business Address \_\_\_\_\_

Work Phone \_\_\_\_\_ Email \_\_\_\_\_ Mobile \_\_\_\_\_

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What function best describes your position? (Check one only)

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