How to Trust Your Gut to Make the Right Business Decision

June 12, 2020 5 min read

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In the wake of the COVID-19 crisis, business owners have had to make difficult decisions they never thought they would — often on short notice with minimal time to prepare. In a matter of weeks and even just days, they have faced business-critical choices, such as whether to pivot or change revenue streams, whether to furlough employees or even whether to close.

Much of decision making is grounded in empirical data. Numbers don't lie, whether you're looking at revenue generation, product success, employee productivity or something else. But something just as important when making tough decisions is your instincts.

How to know when to trust your gut? It's not an exact science. However, there are times and places when relying on your intuition can guide you to places that are bigger and better than if you'd relied on data alone — and your instincts may even help you achieve a significant breakthrough.

See the whole picture.

People often try to apply rational logic and data to infer the best option when making a decision. If you're doing this, you're looking for patterns — using what you've seen in the past to predict a decision's outcome.

This approach isn’t always effective, however.

For entrepreneurs and startups forging new paths, there may not be enough data to inform the best decision. Historical patterns — the causes and effects of prior decisions, either yours or from companies that inspire you — may not repeat themselves in the same way they did before. This is especially true in the current economic conditions; the COVID-19 pandemic has altered the present and future for both existing companies and entrepreneurs alike. The past may be a poor indicator of what’s to come.

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This uncertainty makes your instincts and vision crucial for making decisions. Even with historical data in the driver’s seat, you’ll need to grab the wheel and apply logic and intuition to avoid potholes.

Look for the payoff.

When, then, should you trust your gut? In some situations, as when there isn’t enough data available to guide you, you’ll simply have to. And even when data is available, your gut may push you to embrace other factors before you make a decision. Often, it’s worth paying attention to that feeling, especially if you’re hoping for a big payoff.

Consider introducing a new product, for instance. If there isn’t precedent for how people will react to it, your instincts should be a significant component of your decision-making. Even with all of the data in the world, you won’t know how people will react to something novel.

The most innovative entrepreneurs define their categories by trusting their instincts. Imagine if Jack Dorsey, Noah Glass, Biz Stone and Evan Williams decided against building Twitter based on the information available to them at the time. Of

course, now it’s a multi-billion-dollar company providing a service many people can’t imagine life without.

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When BlueVine introduced a credit line product, I initially got pushback. Was it necessary, I was asked. But I saw a gap in the market and read between the lines of what I was hearing from both our customers and our partners. Trusting my gut was the right move: BlueVine’s line of credit has been immensely successful.

Of course, not every gut decision turns into Tesla, Uber or even your company’s best product. There’s a risk in following your gut instead of data, and sometimes your instincts can lead you astray. That’s happened to me, too.

It can be risky to make an instinctual choice in an uncertain economy, so make sure your business is ready to accept the risk. But when the risk is big, the reward can be, too.

Find your instinctive leaders.

You may not be the kind of leader with strong instincts, or you may be too nervous about trusting intuition over data. There’s nothing wrong with that.

If that sounds like you, look to your team to find the person naturally gifted with strong instincts because they can add a piece to the decision-making puzzle that may be missing. Leadership on major decisions may come from an unexpected person or place. But if you want to create an incredible product, identify the bloodhound on your team.

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Remember that choosing the right path for your company isn’t formulaic. You can’t go with your gut all of the time, but

neither can you always trust data alone. The right decisions are usually a combination of both data and instincts. But in times of uncertainty, like the one many people find themselves in today, it’s especially important that you listen to the inner voice guiding you towards what’s best.

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