



ENTREPRENEUR'S CORNER

Volume Four, Issue Five
June 1998

How You Use Your Instincts Can Make or Break Deals

by Jack Roseman, Contributing Columnist

Entrepreneurs use their instincts all the time, whether they know it or not. They don't really have a choice. There are so many situations where the data is either soft or you don't have any data to make a logical decision, so you are forced to use what I call my "visceral." For me, instincts are an important means of making decisions, even when I do have hard information. That's because my gut feelings have usually paid off for me. And that's the first test you want to run on your own instincts - do they tend to get you in trouble, or do they tend to bail you out?

If they are often right, you have an invaluable asset in business. But this will still be a hard sell to those who can't value anything that doesn't fit on a spreadsheet. I would ask those people to consider what "instinct" is in the first place. I think of it as a sensitive radar that is picking up, processing, and then displaying (in a way one can instantly understand)

large quantities of information relevant to the task at hand.

You can improve on instinct by building up your factual information base so that your impressions are more accurate. For instance, one of the arenas where instinct provides an essential edge is in negotiations, where you have to process so much soft information almost instantly. Now there are rules to negotiations, and anyone who enters them without knowing those rules is going to be at a disadvantage, no matter how good his or her instincts are. But if you study the rules of negotiating, plus you have pretty good instincts, the combination is hard to beat.

How can you learn to enhance your instincts? If you are negotiating with a smoker and he takes out a cigarette, he's relaxed. If he's nervous, he won't smoke. If your opponent has his jacket buttoned and he unbuttons it, that also means he's relaxed. But if he takes his

glasses off and puts them on the table, he's done with you. Those are things I have studied and I have learned. And they have made me a better negotiator.

But, I can't tell you precisely what it was that told me within seconds of entering negotiations with Atkins Computer Group in the United Kingdom that our only hope of acquiring that company was to win the hearts of the managers who were sitting at the table. I was President of On-Line Systems at the time, and we very much wanted the company. But our chief competitor had already concluded a deal with them, though Atkins had not yet signed off on it.

So we were coming in late and had less money to offer. When I walked in, I had no idea how we were going to pull this off, but for some reason I was immediately drawn to four managers sitting across from the owner. I thought about how

they must have felt after giving most of their careers to this company—and then finding it on the block and their futures clouded. When I sat down, the first question from the owner was whether I would like to see the books. And somehow I knew just what to say.

“I really don’t want to talk about numbers,” I told him. “I want to get to know these people and I want these people to get to know me. And if they don’t like me, you could give me this company for nothing, and I wouldn’t want it.”

That was visceral. And we succeeded.

But does instinct always work? Let me put it this way: In the companies I have started, I have selected partners who were, well, - different in that respect. These were the type of guys who, if you gave each of them a pen, they would have to study it for several minutes before they would be willing to say, “Yes, Jack, that’s a pen.”

And I picked those partners on purpose because there were times when I went by my instincts and one of them would say, “Wait a minute, Jack. Don’t do that.” And he ended up saving our butt. So I think you have to go by visceral if it has worked for you, but it’s also not a bad idea to have someone around to do a reality check on where it’s taking you.

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