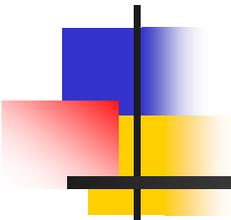




Workshop at the Wharton School

April 7, 2008

Philadelphia, PA

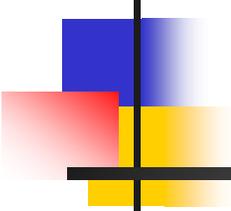


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# **The Sixth Sense in Business Decision Making**

**Misha Goussev, WG01, PhD**  
goussevm@yahoo.com | [www.SpiritEye.com](http://www.SpiritEye.com)

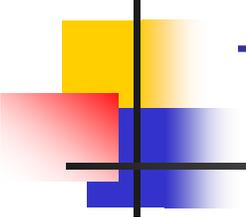




# INTRODUCTION

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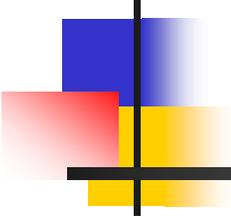




# The Sixth Sense with the Classic of Change

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- Approach:
  - Based on the Ph.D. thesis “*Stimulating Intuition and Creativity in Business Analysis and Decision Making with the I Ching*”
- Benefits:
  - Develop an alternative view
  - Bring to light the fundamental principles
  - Engage the intuitive mind to grasp situation as a whole
  - Account for the effect of the human element
  - Develop win-win strategies



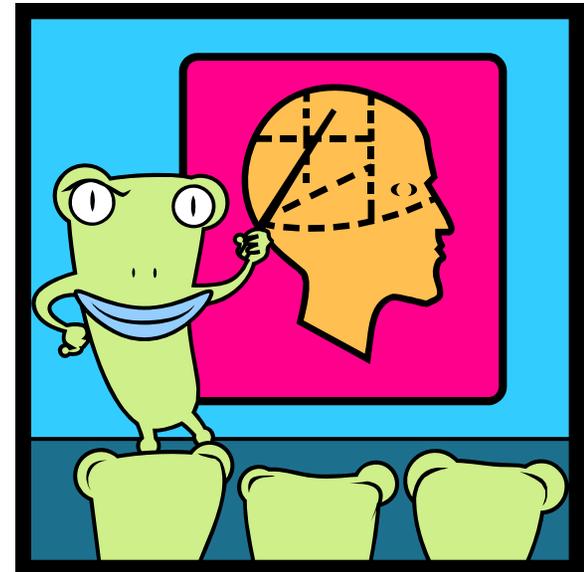
# THE SIXTH SENSE: INTUITIVE DECISION MAKING

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# Why the Sixth Sense Today?

*"The intuitive mind is a sacred gift and the rational mind is a faithful servant. We have created a society that honors the servant and has forgotten the gift."*

- Albert Einstein





# The Sixth Sense in Decision Making: Find the answer you already know

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**trust  
yourself.  
you know  
more than you  
think you do.**

**(dr. spock)**

**Source:**

From Dr. Spock's *Baby & Child Care*  
(7<sup>th</sup> edition) by Benjamin Spock, MD  
and Steven J. Parker, MD

Design by Quotable Cards, Inc.

# Intuitive Decision Making In Business and in War

Wall Street Traders



vs.



US Marine Corps



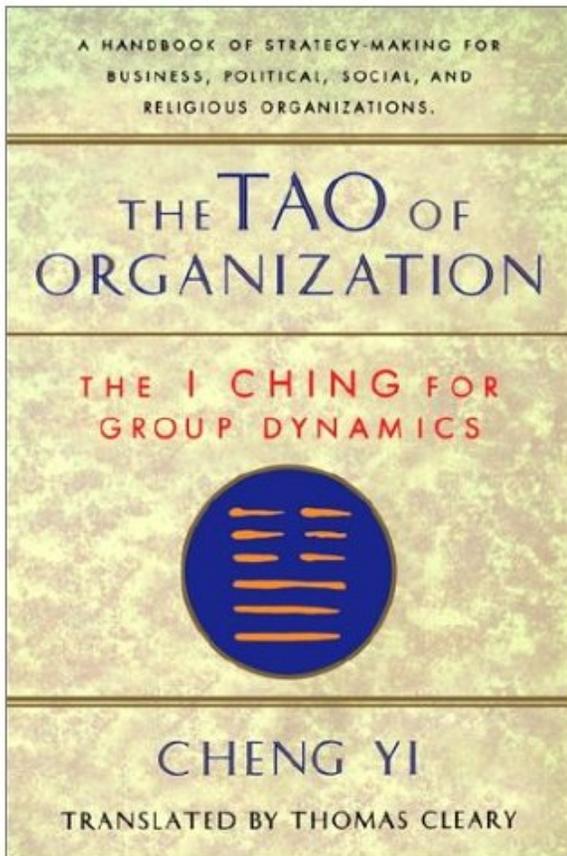
*"Our leaders must be able to "feel" the battlefield tempo, discern patterns among the chaos, and make decisions in seconds ... much like a Wall Street investment trader, but with life threatening consequences."*

Gen. Charles C. Krulak  
"Cultivating Intuitive Decisionmaking"  
Marine Corps Gazette, May 1999

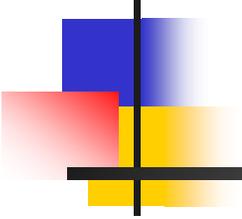
**Sources:**

1. *The Chinese Tao of Business* by Haley, Haley and Tan (Thomas Steward tested decision making of Marines vs. Traders in 1995 in NY Mercantile Exchange)
2. [http://www.au.af.mil/au/awc/awcgate/usmc/cultivating\\_intuitive\\_d-m.htm](http://www.au.af.mil/au/awc/awcgate/usmc/cultivating_intuitive_d-m.htm)

# Intuition: Grasping The Total Situation

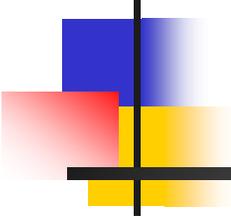


- *"[I Ching] is the intuitive technique for grasping the total situation, which is so characteristic of China.."*  
C.J.Jung
- A catalog of **64 recurrent life patterns** and their interdependencies - a structure of structures.
- A guide to the intricacies of **group dynamics and power configurations** within organizations of all kinds.



Questions?

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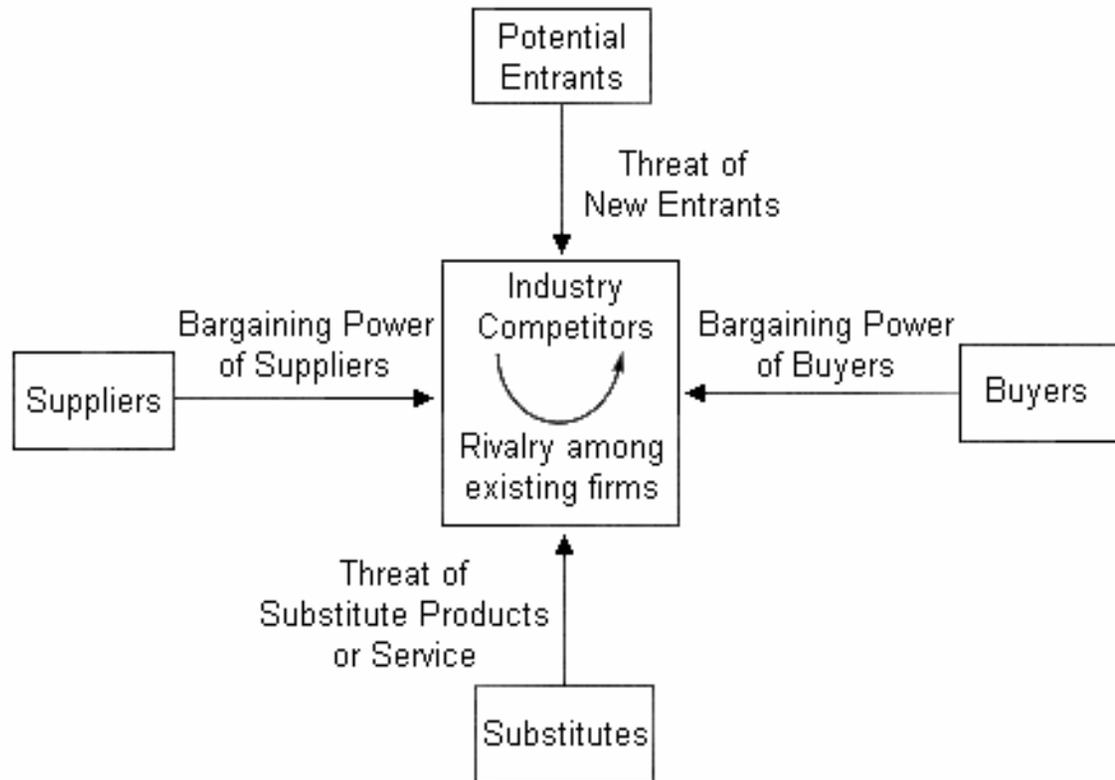


GRASPING THE TOTAL SITUATION  
WITH THE *CLASSIC OF CHANGE*

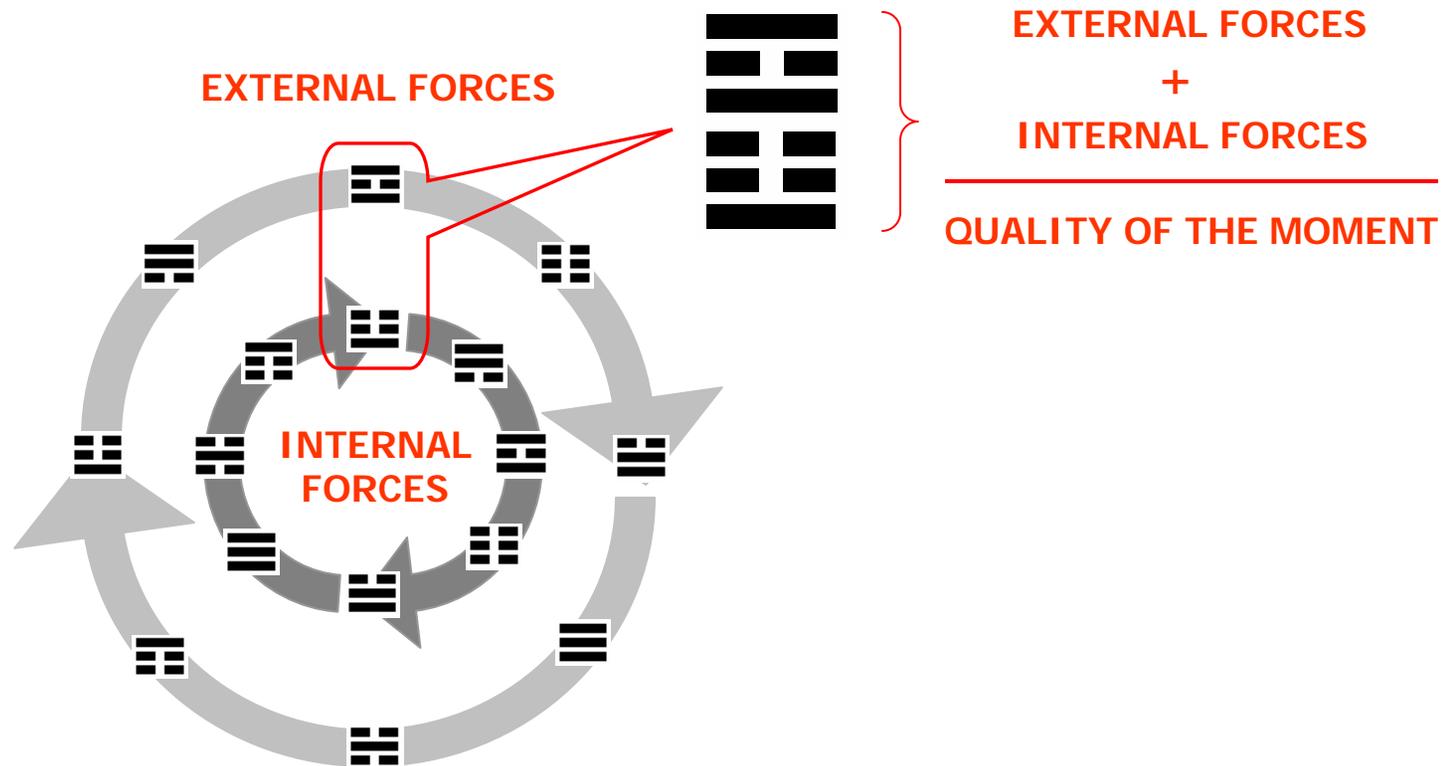
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# Grasping The Total Situation

## Porter Five Forces



# Grasping The Total Situation with the *I Ching* (the *Book of Changes*)



# Qualities and Trends of the Moment

## The Eight Trigrams = the Eight Stages of Change

TRIGRAMS				
Trigram	Symbol	Phase	Action	Symbolic Aspect
	<b>THUNDER</b>	Initiation	Stirring-up Arousing	Movement Activity
	<b>WIND</b>		Entering Penetrating	Initiation Obedience
	<b>FIRE</b>	Realization	Congregating Clinging	Intelligence Understanding
	<b>EARTH</b>		Responding Yielding	Receptivity Harmony
	<b>LAKE</b>	Maturation	Stimulating	Joy Enjoyment
	<b>HEAVEN</b>		Persisting	Productive Energy
	<b>WATER</b>	Completion	Venturing Falling	Cautious Danger
	<b>MOUNTAIN</b>		Stopping	Stillness

# Hexagram Reference Table

Trigram + Trigram = Hexagram

## Upper Trigram

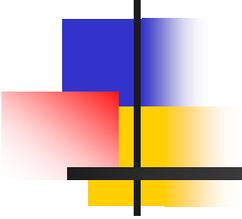
	1	34	5	26	11	9	14	43
	25	51	3	27	24	42	21	17
	6	40	29	4	7	59	64	47
	33	62	39	52	15	53	56	31
	12	16	8	23	2	20	35	45
	44	32	48	18	46	57	50	28
	13	55	63	22	36	37	30	49
	10	54	60	41	19	61	38	58

Lower Trigram

### #7 – THE ARMY

*In times of war it is desirable to be led by a cautious and humane general.*

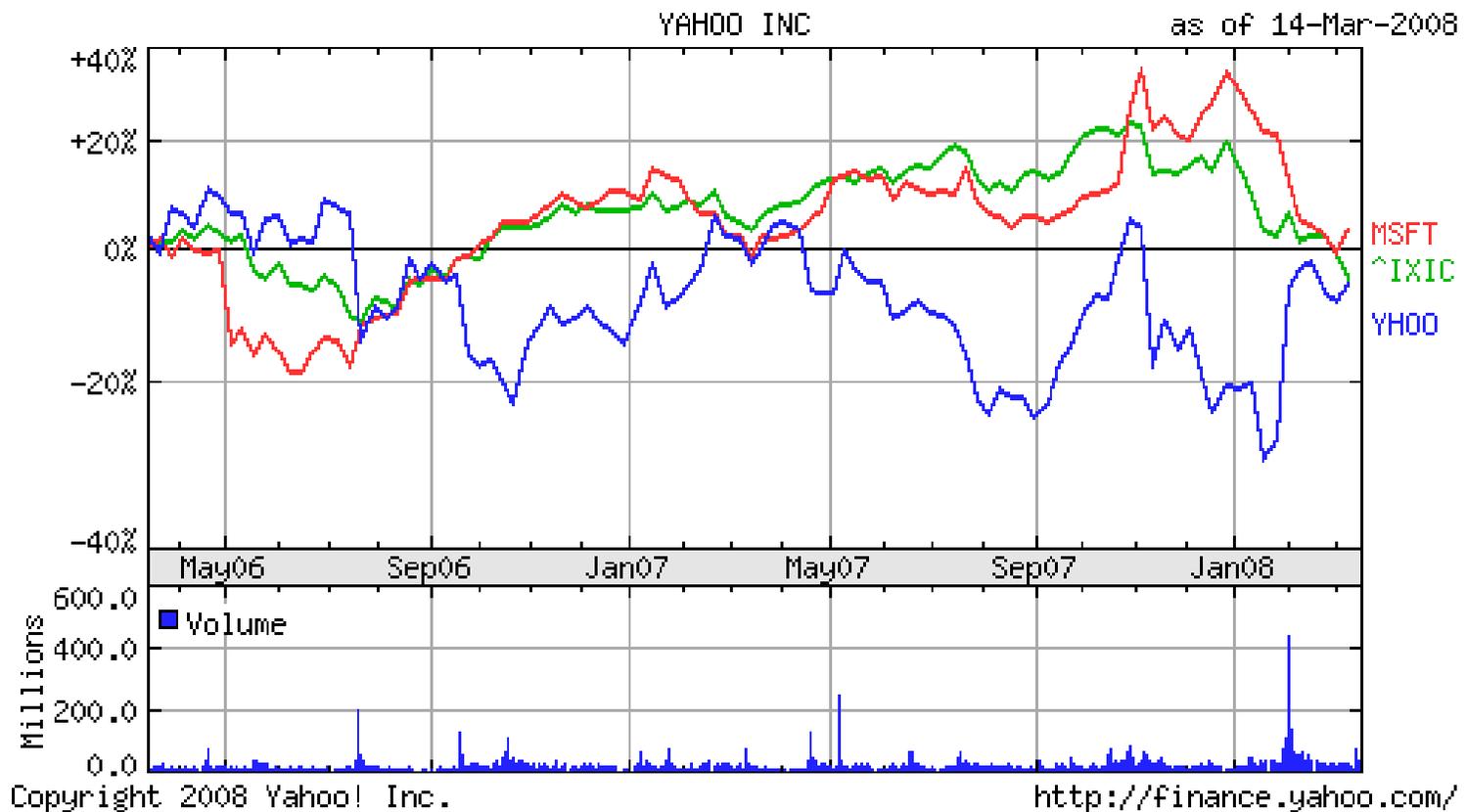
- You are advised to prepare for a trial now; your success will be determined by your conduct
- Proper conduct in the times of adversity should be based on the example of a first-rate army
- General wins lasting power and loyalty via superior action and fair treatment of his soldiers

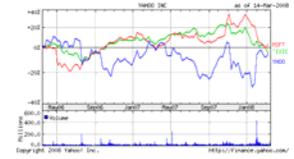


Questions?

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# Case: Microsoft vs. Yahoo





# Case: Microsoft vs. Yahoo

# 14

## POSSESSION IN GREAT MEASURE

*Those who are steadfastly balanced, humble, and in harmony with the Sage inherit everything under the sun.*

Market 3-Fire

Microsoft 6-Heaven



### Key Takeaways:

- You've reached a time of great personal power and clarity by purifying your thoughts, actions
- Far-reaching influence is possible, shining on others as the sun shines on everything on earth
- Having attained high position you are wise to remain modest and generous towards others

# 29

## THE ABYSMAL (WATER)

*Flow like pure water through difficult situations.*

Market 7-Water

Yahoo 7-Water



### Key Takeaways:

- Often appears to warn of a troubling time either drawing near or already at hand
- Counsels not to fall into longing for an immediate and effortless solution to the trouble
- Advises to adapt the power of water to take any shape and flow through any difficulty

# 6

## CONFLICT

*The proper response to conflict, whether it lies within or without us, is disengagement.*

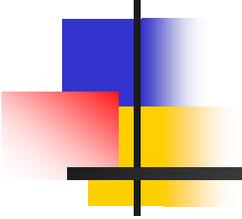
Microsoft 6-Heaven

Yahoo 7-Water



### Key Takeaways:

- All conflict is inner conflict: inner departure from clarity, equanimity and balance
- Strong feelings and inferior emotions severely complicate the misfortunes of conflict
- Stop conflict at the beginning: seek qualified guidance if unable to do it on your own

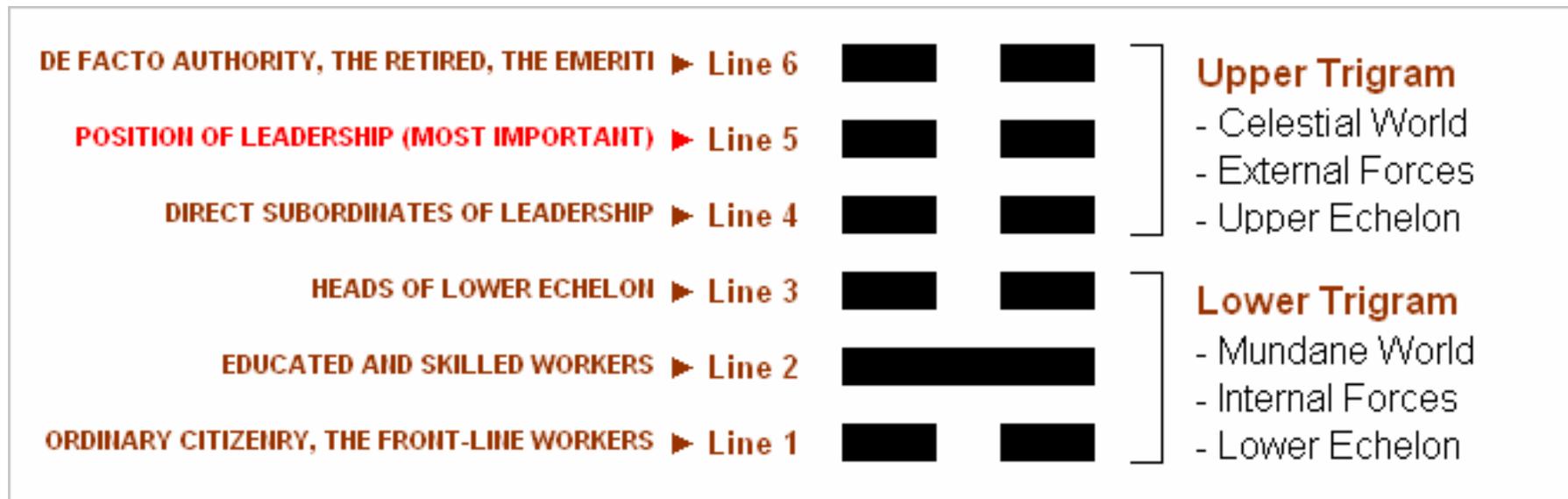


Questions?

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# Basic Principles of the I Ching

## Anatomy of a hexagram



# Basic Principles of the I Ching

## Anatomy of a line



▶ Potential Action (**Yang**)

= Initiation



▶ Actual Action (**Yang**)

= Realization



▶ Potential Non-Action (**Yin**)

= Maturation

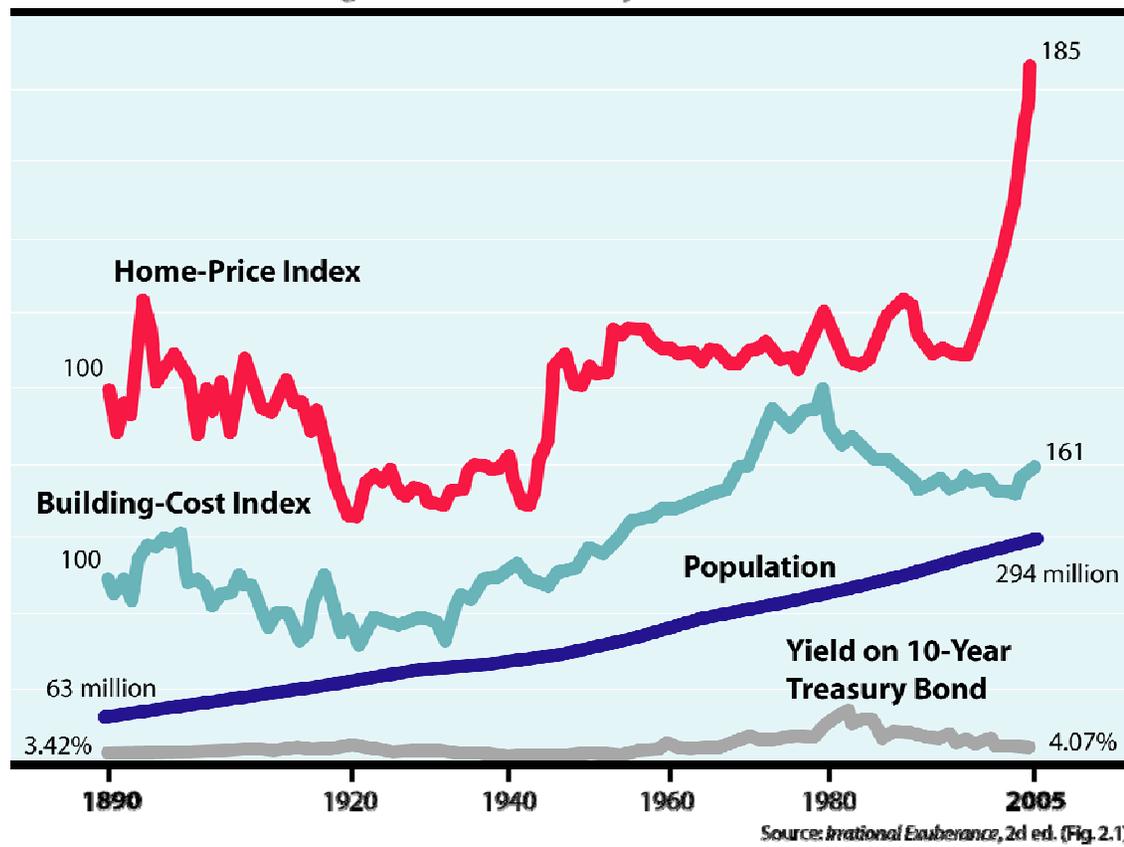


▶ Actual Non-Action (**Yin**)

= Completion

# Case: Real Estate Bubble

**Inflation-adjusted U.S. home prices, Population, Building costs, and Bond yields (1890–2005)**



# Case: Real Estate Bubble NYC Condo Market: Current State



## Real Estate Market in NYC (as of 2005)

# 14

### POSSESSION IN GREAT MEASURE

*Those who are steadfastly balanced, humble, and in harmony with the Sage inherit everything under the sun.*

Key Takeaways:

- You've reached a time of great personal power and clarity by purifying your thoughts, actions
- Far-reaching influence is possible, shining on others as the sun shines on everything on earth
- Having attained high position you are wise to remain modest and generous towards others

External Drivers

3-Fire

Home Price Index  
Mortgage Interest Rate  
Construction Costs



Internal Drivers

6-Heaven

Investment Opportunity  
Demand for Housing  
Rental Market



## Real Estate Market in NYC (as of 2008)

# 47

### OPPRESSION (EXHAUSTION)

*An unavoidable time of adversity. Quiet strength insures a later success.*

Key Takeaways:

- It is a time of oppression and exhaustion, which are part of life; success is not possible now
- Return to neutrality and acceptance Stubborn pursuit of results will bring misfortune now
- With others say little and say it gently Feeling of despair is a sign that you holding a false belief

External Drivers

5-Lake

Home Price Index  
Mortgage Interest Rate  
Construction Costs



Internal Drivers

7-Water

Investment Opportunity  
Demand for Housing  
Rental Market



# Case: Real Estate Bubble NYC Condo Market: Future Scenarios



## Real Estate Market in IYIC (as of 2010) Scenario 1

# 28

### PREPONDERANCE OF THE GREAT

*There are great pressures at work. By meeting them with modesty and patience, you avoid misfortune and meet with success.*

#### Key Takeaways:

- Image of a beam under a great load: it sags in the middle and is in danger of giving way
- Powerful energy has been accumulated: it is up to you how to direct its flow and outcome
- What is called for now is quiet integrity: taking great care, being gentle, steady and cheerful

External Drivers

5-Lake

Home Price Index  
Mortgage Interest Rate  
Construction Costs



Internal Drivers

2-Wind

Investment Opportunity  
Demand for Housing  
Rental Market

## Real Estate Market in IYIC (as of 2010) Scenario 2

# 32

### DURATION

*Remain steady and allow the world to shape itself.*

#### Key Takeaways:

- Receiving this hexagram is an encouragement to endure, to hold to the path of essential truth
- It is likely that the change has occurred or is about to: your task is to hold your original course
- Do not indulge in judgment, impatience and ambitions now Focus on what is in front of you

External Drivers

1-Thunder

Home Price Index  
Mortgage Interest Rate  
Construction Costs



Internal Drivers

2-Wind

Investment Opportunity  
Demand for Housing  
Rental Market

## Real Estate Market in IYIC (as of 2010) Scenario 3

# 34

### THE POWER OF THE GREAT

*To achieve true power and true greatness one must be in harmony with what is right.*

#### Key Takeaways:

- False power is based on egotistical and aggressive manipulations and is temporary in nature
- True greatness is based on uniting power with modesty, justice, gentleness and equanimity
- The hexagram indicates you have increased your power now, but advise to use it wisely

External Drivers

1-Thunder

Home Price Index  
Mortgage Interest Rate  
Construction Costs



Internal Drivers

6-Heaven

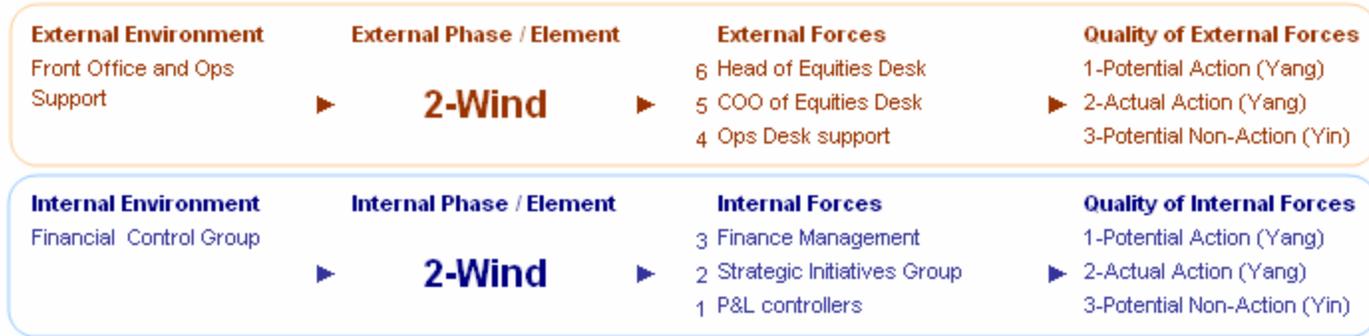
Investment Opportunity  
Demand for Housing  
Rental Market

# Case: Organizational Dynamics

**1 State a question, problem or decision to be made** (Run *ResetConsultationTemplate* macro by pressing CTRL+R)  
 Change in the market conditions and increasing regulatory scrutiny puts pressure on the firm to reduce process errors and inefficiencies. Yet, due to conflicting priorities and resource constraints tangible results are difficult to produce.  
**Provide insights into team dynamics in the context of the overall objectives and develop recommendations.**

**2 Model the Situation**

**Org Dynamics: Projects Strategy**



**3 Identify Hexagram** (Run *IdentifyHexagram* macro by pressing CTRL+H)

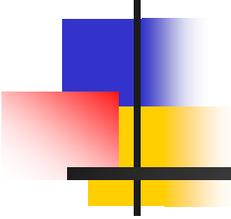
# 57



**THE GENTLE (THE PENETRATING, WIND)**  
*Consistent corrections turns every situation to your advantage.*

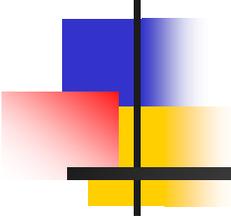
**Key Takeaways:**

- The image of a gentle wind blowing in the same direction and dispersing storm clouds
- Enduring accomplishments are often achieved through gentle, but consistent penetration
- Establish a clear goal, apply principle of gentle penetration; with others, bend like a willow



Questions?

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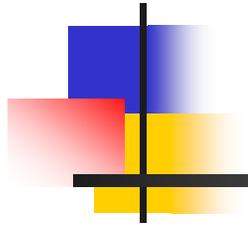
PART 3. HANDS-ON WORK  
WITH THE *CLASSIC OF CHANGE*

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# The I Ching Framework (in Excel)

## www.SpiritEye.com





# AFTERTHOUGHT



# The Tao of Leadership

Matsuhita Konosuke, founder of Panasonic

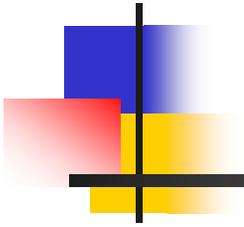


- Matsuhita's phenomenal success has been built on principles originally articulated in the ancient *I Ching*:
  - Having many difficulties perfects the will; having no difficulties ruins the being.
  - When you come to an impasse, change; if you change, you can get through.
  - Harmony with the governing laws of nature and society and vision of society as an organic whole.

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*"An appropriate business philosophy shouldn't just be the businessman's own subjective idea – there must be some natural principle and social principle underlying it".*

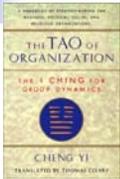
**Matsuhita Konosuke**



# APPENDIX



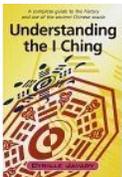
# Reference Materials on the I Ching



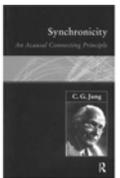
*The Tao of Organization: The I Ching for Group Dynamics* by Thomas Cleary



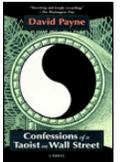
*The I Ching or Book of Changes. A Guide to Life's Turning Points* by Brian Browne Walker



*Understanding the I Ching* by Cyrille Javary

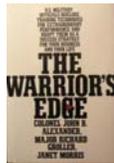


*Synchronicity. An Acausal Connecting Principle.* by C.G. Jung



*Confessions of a Taoist on Wall Street* by David Payne

# What is Intuition?



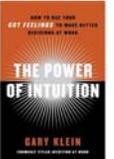
## ■ Following Your Instincts

- *The Warrior's Edge* by John B. Alexander, Major Richard Groller, and Janet Morris



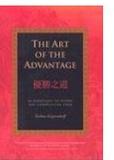
## ■ Focusing on the Main

- *Gut Feelings: The Intelligence of the Unconscious* by Gerd Gigerenzer



## ■ Building on Experience

- *The Power of Intuition: How to Use Your Gut Feelings to Make Better Decisions at Work* by Gary Klein



## ■ Recognizing Patterns

- *The Art of the Advantage: 36 Strategies to Seize the Competitive Edge* by Kaihan Krippendorff



## ■ Grasping The Total Situation

- *Tao of Organization: The I Ching for Group Dynamics* by Thomas Cleary