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**The Director Practicum**  
**Discernment Discipline I – Pattern Recognition**  
*Governing Intuition in the Boardroom*

*What follows is the Director Practicum for Discernment Discipline I: a structured set of practices designed to help boards and individual directors apply pattern recognition deliberately, visibly, and under real conditions of uncertainty.*

*This practicum is divided into four sections:*

- A. For the board*
- B. For the individual director*
- C. A checklist for approaching major decisions*
- D. An application and diagnostic to the 1970 Penn Central Bankruptcy Case presented in the main article: [Discernment Discipline I – Pattern Recognition](#)*

**A. Four Practices for Boards to Institutionalize Disciplined Pattern Recognition**

*These practices describe how boards, as collective bodies, govern intuitive judgment in real time.*

The discipline of Pattern Recognition is not exercised through insight alone, but through shared board practices that govern how intuition enters discussion, inquiry, and decision-making. The following practices describe how boards institutionalize disciplined pattern recognition in real time.

**1. Make patterns explicit, not private.**

When you catch yourself thinking, *I've seen this movie*, convert the thought into a shared hypothesis. For example: “This proposal reminds me of a situation I saw at another company. In that case, the context was (briefly), and the outcome was (briefly). Can we walk through where this is genuinely similar – and where it is meaningfully different?”

The purpose is not to persuade the board that your analogy is correct; it is to make the analogy visible so it can be tested. That does three things: surfaces your intuition, invites others to test it, separates similarities from differences.

**2. Use pattern recognition to trigger probes, not verdicts.**

Pattern recognition should initiate inquiry, not conclude it. A disciplined director treats the sensed pattern as a prompt for questions: “This resembles the kind of culture drift that precedes a safety incident – what leading indicators do we track on safety behavior?” Or: “This feels like deal fever – how are we stress-testing downside scenarios and integration assumptions?”

The board’s goal is to interrogate the pattern before it becomes the frame for the whole discussion.

**3. Deliberately broaden the board’s pattern library.**

Boards with narrow experience have narrow pattern sets. Boards expand their pattern libraries by diversifying director experience across industries and eras, using case discussions in offsites, and conducting structured debriefs of major decisions – especially near-misses, not just disasters. The board that learns only from disasters learns too slowly.

#### **4. Pair pattern recognition with metacognition.**

After a strong intuitive reaction, pause long enough to ask: “What prior case is this reminding me of?” “Is the analogy genuine, or am I forcing it?” “What would disconfirm my interpretation?”

This is the difference between intuition that merely feels true and judgment that is tested before it is trusted. That’s pattern recognition plus self-awareness.

### **B. Director Self-Prompts for Before, During, and After Decisions**

*The individual discipline that makes the board practices possible. Boards cannot surface intuition unless, individual directors first notice it themselves.*

Board-level discipline depends on individual discipline. These prompts are designed to help directors regulate their own thinking so that intuition can be surfaced and tested constructively in the room.

#### **1. Before the meeting (preparation mode)**

- “What does this proposal most remind me of, from my own experience?”
- “What happened in that earlier case? What worked? What failed?”
- “What would I watch for if this were my own capital at stake?”

#### **2. During the meeting (live discernment)**

- “What pattern is my gut telling me that this fits?”
- “Have I said that out loud so others can test it?”
- “Where is this situation **not** analogous to what I’m thinking of?”
- “What question would I ask if I assume my intuition might be wrong?”

Example questions to speak in the room:

*“Let me test my intuition here: this reminds me of X. Am I over-reading that? Where is this case genuinely different?”*

#### **3. After the decision (reflection / learning loop)**

- “Did the pattern I thought I saw actually play out?”
- “If not, what did I misread about the analogy?”
- “What new pattern should I store from this experience?”

This turns every decision into fuel for future discernment.

### **C. A Pattern Recognition Checklist for Major Board Decisions**

*When intuition feels most compelling, slow the process. Not for every discussion, but for capital allocation, mergers, strategic pivots, existential risk.*

Some decisions require more than conversational discipline. When stakes are high, signals are ambiguous, or intuition feels especially compelling, boards benefit from a formal diagnostic that deliberately slows judgment. The following checklist is designed for those moments.

### 1. Surface the pattern.

- What past case does this situation most remind me of?
- In that past case, what actually happened – and why?

### 2. Separate surface resemblance from structural similarity.

- In what *specific ways* is this situation similar to that prior case?
- In what *critical ways* is it different (industry, time horizon, leverage, regulatory regime, culture)?

### 3. Test for bias and false patterning.

- Am I over-weighting a vivid recent experience (availability bias)?
- Am I seeing what I expected to see (confirmation bias)?
- Am I telling myself a single, tidy story from one prior case?
- Could this be an instance where randomness or noise looks like a pattern?

### 4. Run a quick mental simulation (Klein).

- If this pattern *is* valid, what should we expect to see in the next 6–12 months?
- What early indicators would confirm that we are on the right track – or warn us we are wrong?

### 5. Invite collective scrutiny.

Say out loud: “This reminds me of a *Case X*. Here is why. Where is this truly analogous, and where is it not?”

Then ask: “What data or events or other evidence would disconfirm my analogy?”

This final step converts individual intuition into a shared board asset.

### D. Diagnostic reflection: How it would have helped at Penn Central?

*The value of a discipline is not that it guarantees the right answer, but that it changes the questions asked early enough to matter. Applied retrospectively, the discipline of Pattern Recognition reveals what a board might have interrogated before commitment hardened. The aim is not prescience, but earlier contestability of assumptions. To brush up on the 1970 Penn Central Bankruptcy Case see [Discernment Discipline I – Pattern Recognition](#).*

Take one item from the laundry list of early signals:

*Freight delays. Cash-flow anomalies. Short-term borrowing spiking beyond precedent. Incompatible operating systems causing service chaos. Repeated warnings about untenable debt loads.*

A director (such as Lyceum’s fictitious Sage in the [Trans Union Merger Case](#)) equipped with relevant prior experience and applying the checklist might have said:

#### 1. Surface the pattern:

“This cluster – operational disruption, rising short-term borrowing, and reassurances that it is ‘temporary’ – strongly reminds me of other capital-intensive businesses I have seen just before a liquidity crisis.”

#### 2. Separate resemblance from structure:

“In those prior cases, the underlying problem was structural: the core economics and customer behavior had shifted. Is that true here, or is this truly transitional?”

### 3. Test for bias:

“Am I simply pattern-matching to ‘temporary turbulence’ because that is what I want to believe – or because, in my experience, most downturns *have* been temporary? What would it look like if this were not a cycle but a structural decline in rail versus trucking and air?”

### 4. Mental simulation:

“If this *is* structural, then rolling short-term borrowing forward will not buy time; it will dig the hole deeper. In 12–24 months, we will be illiquid and over-levered. What would we be wishing we had done differently today?”

Even one such disciplined exchange, if pursued, could have shifted the board’s posture from “supporting temporary liquidity” to “interrogating the underlying pattern.” That is exactly the link between the science and the governance practice you want to make vivid.

Pattern Recognition governs how judgment begins. The discipline that follows governs how judgment examines itself.

### Conclusion

Pattern recognition is the mind’s first response to uncertainty. But it cannot be the board’s only response. A director who senses a pattern must know how to test it, slow it, and correct it – before analogy hardens into certainty and confidence outruns accuracy. This is why *Discernment Discipline I – Pattern Recognition* is only a beginning. The discipline that follows is the one that makes judgment visible: Metacognition – the discipline of questioning and analyzing one’s own thinking. Coming next.

If our work is of value to you, we hope you will consider joining our [Lyceum Circle of Leaders](#) so you will not miss the next discipline of discernment, *Discernment Discipline II: Metacognition*.