

The Center For Modeling Optimal Outcomes® LLC

“The Think Tank for Creativity & Innovation”®

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Human Capital: The Next Big Thing

For the past several decades, productivity and effectiveness in business globally has been driven by the fact that technology has breed advances in new technology. Telecommunication, computerization and all of the various devices and processes associated with them have dramatically reduced cycle time and correspondingly increased productivity.

Today, the single most important issue in the business world is ---- what is the next big thing? What could possibly provide a dramatic boost in effectiveness other than through incremental enhancements to devices or processes related to technological advances?

Aside from the need to improve outcomes in order to increase profitability, the investment community is seeking to find “the next big thing” that will create a surge in profitability by being on the front end of the concept. What will it be is the question everyone is asking.

The next big thing will be the application of neuroscience in business.

While technology will continue to provide incremental enhancements in productivity, the business world is now facing a crisis where innovation is dwindling and inertia for change is growing due to the rapid expansion of organizational silos centered on specific concentrations of expertise. Without elaborate research, the challenge facing business becomes obvious; optimal decision making and maximization of human capital will differentiate the winners from the losers in the global economy. Advances in technology can only produce incremental enhancements to current operating mechanisms.

The need to address processes associated with decision-making clearly identifies the need to transform the categorization of personnel selection and role assignment to be compatible with each individual’s cognitive capabilities. The future of creating cultures of change acceptability and innovation concurrent with the need to concentrate competencies into specific areas of expertise is critical for profitability and survival in a global economy. Simply stated, success in the business world will require “putting the right people into the right seats on the bus and providing them with the right tools to execute strategies in an optimal manner.” Such changes would be the foundation for true leadership pipelines within major US corporations; a challenge that technology alone cannot meet.

Personality profiling is basically useless

Since World War II, the business community gradually began to embrace personality profiling as a tool for identifying key personnel. A recent tally identified nearly 2,500 tests to access individuals based on behavioral patterns.

After decades of relying upon personality tests, the business community has begun to realize that one’s behavior does not necessarily correlate to productivity, motivation or leadership potential. As an example of the shift away from such testing, John Medina, an individual regarded as a brain expert, was quoted in the May 2008 issue of Harvard Business Review as

saying, ““I have a very specific objection to how these tests are sometimes hyped. The fact is that most of these tests—including IQ tests—were developed long before we knew very much about how the brain processes anything. That doesn’t mean that someday we won’t be able to create tests based on sound neurological principles.”

Even efforts to develop fool-proof iterations of personality profile tests¹ will be inadequate because they fail to address the critical aspects of decision making and logic.

Starting in January 2003, The Center for Modeling Optimal Outcomes®, LLC, a New Jersey based think tank, embarked on an ambitious endeavor; use a complexity science-like model to identify how to apply neuroscientific principles and processes into business.

After nearly seven years and approximately 60,000 hours of time devoted to the project by staff and advisors, The Center amassed a comprehensive portfolio of intellectual property centered of the application of neuroscience in business. These novel processes address numerous neurobiological mechanisms that include but are not limited to neurohormone configuration, business iterations of neuroplasticity and the impact of neurosteroids on decision making.

Because business executives rarely speak in neuroscientific terms and neuroscientists rarely understand all of the nuances of business, this document has been prepared to provide a basic of how these two “worlds” can interface in order to enhance outcomes in the domain of business.

Due to the complexity of the subject, this document is intended to merely provide an overview of a few of the applications The Center has created during the span of the past seven years; i.e. benefits of categorization of individuals into cognitive processes (How People Think®), team dynamics and the development of pipelines for iterations of human capital; e.g. leadership. Additional information and specific examples and articles are provided on The Center’s web site (www.TheCenterNJ.com) in the tabs for Corporate America and Healthcare Operations.

Getting the “right” people into the “right” seat

The following list highlights some of the benefits that can be derived from selecting individuals based on their homeostatic mix of neurohormonal activity:

- Identifying management or leadership style which will evolve as the person gains experience in the organization
- Differentiating candidates based on factors which may prompt certain executives to react positively or negatively in comparison to their peers under the same pressures or in similar circumstances
- Selecting candidates based on a probable mental model for decision-making which has the flexibility to adapt to change as environmental factors change rapidly
- Identifying individuals who are the most capable of modifying their current assumptions and have the ability to neutralize assumed constraints

¹ <http://www.sciencedaily.com/releases/2008/10/081007102849.htm>

- Selecting candidates with probable motivating factors that are in synch with the strategic plan
- Identifying which individuals will be best suited to interpret inter-disciplinary dialogue from technologically diverse segments of the corporate infrastructure
- Selecting individuals will be the most capable of adapting their core leadership style as the business evolves
- Identifying which individuals have the greatest potential to create and innovate or motivate others to be innovative
- Identifying and categorizing candidates for inclusion in leadership pipelines
- Selecting personnel with optimal cognitive capabilities in order to ensure proper team balance
- Evaluating existing personnel to determine their future potential

In addition to the ability to use the concepts associated with How People Think® in the context of organizational dynamics associated with decision making, The Center's intellectual property is also applicable in concepts that brings neuro-marketing for consumer decision making in information technology and traditional media into a new dimension of effectiveness.

Team configuration based on cognitive processes

Virtual and part-time team configuration is extremely difficult to manage in order to ensure optimal efficiency and effectiveness. The problem becomes more complex with such teams as well as all others (especially those loosely configured and lacking specific target dates for meeting objectives) when the selection of individuals is not based on the proper configuration or alignment of members based a mix or levels of neurohormones; i.e. How People Think®.

Based on categorization into cognitive processing, the following are the relationships driven by the individual's homeostatic mix of neurohormones associated with logic and unbiased decision making; i.e. norepinephrine, prolactin and dopamine.

Higher levels of focus: As one's need for expertise increases, their levels of norepinephrine (focus) increases and the levels of prolactin (awareness) and dopamine (change/adaptability/impulsivity) decrease proportionately. For example, scientific professionals typically utilize independent thinking with a high level of focus on one specialty.

Awareness and multi-foci: The point at which the relationship between the three neurohormones associated with logic is balanced the outcome is awareness. It is this cognitive process that creates the ability to avoid overfocus and the ability to change the level of focus necessary in order to ensure efficiency and effectiveness as needed without unnecessary distractions. Individuals that use such cognitive processes have increased capabilities to be cohesive and collaborative with others.

Lower levels of focus: – Thought processes driven by the need for speed and rapid change increase the levels of dopamine and prolactin while norepinephrine decreases proportionately. As dopamine increases, team members lose the desire to invest time for deliberation and analyses; especially to process complex issues. Individuals with a mix of neurohormones that place less of an emphasis on focus are typically adept at sales or professions that require independent thinking with ongoing/frequent change.

Esprit de corps and effectiveness in team dynamics

The outcomes of interdisciplinary teams are dependent upon collaboration and cohesion; attributes typically attributable to individuals with thought processes at or near those indicative of cognitive processes most conducive for awareness.

Successful organizations require team processes for nearly all aspects of operational effectiveness. Historically, because many aspects of planning and decision making require the use of interdisciplinary teams and the dynamics associated with their performance is sub-optimal; corporations must take corrective action to transform these processes.

Typically, as individuals move further away from the mid point of focus (i.e. to levels of either over or under focused) their willingness and cognitive ability to contribute to optimal efficiency for team dynamics diminishes proportionately. For example, individuals with greater emphasis on focus would typically lack interest in issues or topics that are outside of their area of expertise or concentration. On the other hand, individuals in lower end of focus would typically not have the desire to devote time to an issue if it required concentration and focus onto a topic outside of their area of interest. Even if the topic were of interest to these individuals, allocation of time to an activity would typically prompt restlessness.

In either of the aforementioned instances where attention deviates from the assignment or activities of a team, members tend to be likely to avoid meeting deadlines or fail to devote the energy necessary to produce optimal contributions. As a result of these deficiencies, many team members perceive these actions or inaction to be shirking team responsibilities. As a result, esprit de corps and enthusiasm in most interdisciplinary teams is non-existent or it dwindles rapidly.

The future of interdisciplinary processes will depend upon prudent use of member selection, optimal training and education and the use of facilitative leadership (i.e. leadership without authority). Included in The Center's portfolio of intellectual property are models that address these and other deficiencies often associated with team dynamics.

A peek into the future of neuroscience in commercial applications

The Life Science group of The Center has also created several models for the application of various neurobiological principles in the following concepts:

- platforms for developmental and advanced education using information technology
- creating and management of a culture of change acceptability
- operating mechanisms to overcome inertia that prevents the development of highly effective internal teams for the creation of breakthrough innovations (as opposed to merely incremental ones)

Due to the highly technical and proprietary nature of these models they cannot be explained within this document.

As a pure think tank, The Center does not function as an operating company to commercialize the models it has created. Accordingly, its objective is to license its models to consulting

firms or major corporations to commercialize the various customizable models available in the diverse portfolio of intellectual property that it has amassed over the past seven years.

For specific information regarding any of the models available for licensure, contact MTrottnow@TheCenter.Com.