

# Orient

Building Networks  
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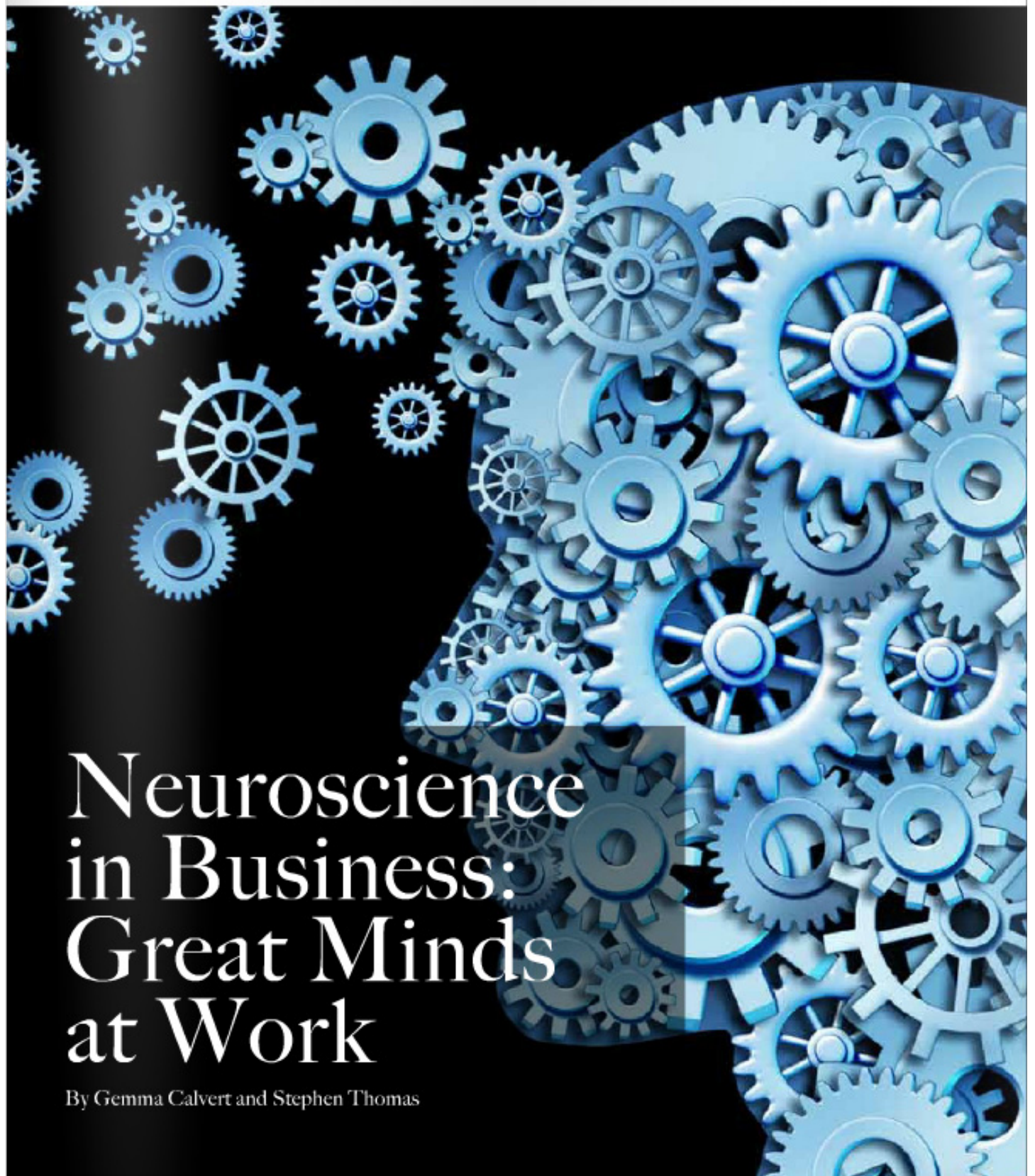
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# Neuroscience in Business: Great Minds at Work

By Gemma Calvert and Stephen Thomas



To the uninitiated, it is widely assumed that running a business, pleasing consumers, and managing people are straightforward tasks. Yet there is plenty of evidence suggesting that businesses are not doing anything as well as we might suppose. In any given decade since the 1970s, half of the Fortune 500 companies disappear, and current market research figures estimate that 80% of all new product launches fail within three years. In a similar vein, employee surveys continue to show management in a poor light, prompting serious academic and *Harvard Business Review* contributor Jeffrey Pfeffer to devote an entire book to management mistakes, entitled *What Were They Thinking?* So how did we get it so wrong?

#### The Big Disconnect

Over the past few decades, neuroscientists have made unprecedented progress in understanding the workings of our minds and illuminating central truths about human nature. The ability of the latest neuroscientific tools to look “inside the

head” during normal behaviour has induced a step change in our understanding of how people function, what makes them behave the way they do, how decisions are formed and acted upon, and how social interactions influence behaviour (often subconsciously) in the supermarket, the home and the workplace. And although our brains are fantastically adaptable—and more than we ever thought possible, according to recent research on plasticity—our brains are not infinitely flexible devices: they have biases and limitations that reflect their biological evolution. So, put another way: how did we expect to progress in understanding and managing human activity without understanding the nature of the central device that produces all progress and innovation in technology, business and society?

#### Supercomputer of the Subconscious

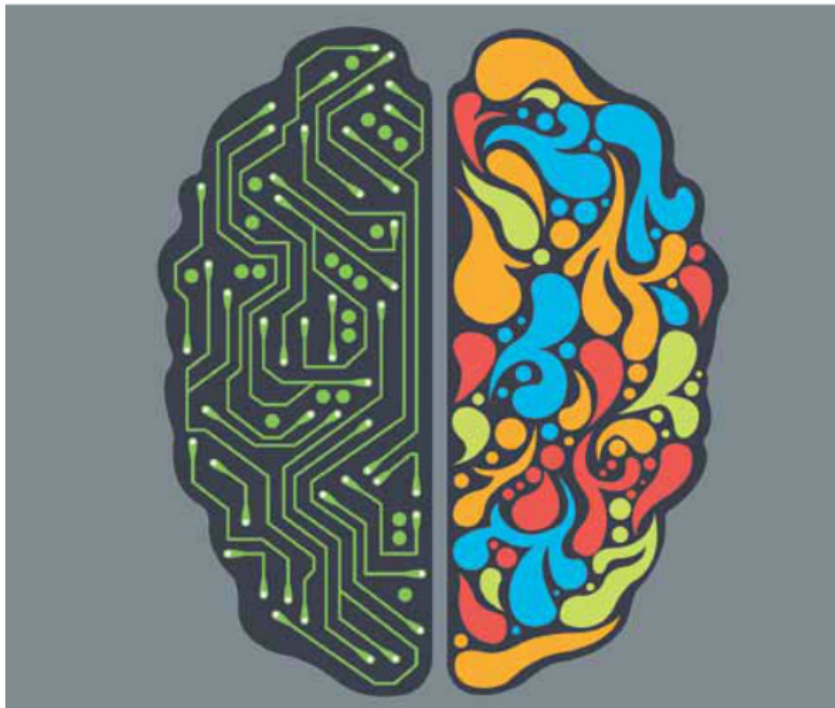
Of many new revelations, perhaps the most fundamental involves our new appreciation of the power of the subconscious and the balance that is always present between the “implicit” world of the subconscious

and the “explicit” world of the conscious. Neuroscientists now believe that as much as 90% of brain activity is subconscious. Yet these brain processes that operate below our conscious awareness are now known to influence and determine a vast amount of our behaviour. Contrary to Descartes’ supposition of the dominance of the (conscious) rational mind, brain research has revealed that it is our emotions, and not thoughts, that are the instigators of our choices; our subsequent explanations are mere post-hoc rationalisations of our behaviour. So how can companies tap into this growing body of knowledge about the human brain and apply these insights to effect not only better understanding of their customers but also of their own internal management structure?

#### Neuromanagement

Neuroscience is making significant contributions in the areas of leadership and management. Brain research has revealed that our social motivations are governed by the principle of minimising threat and maximising reward. For example,





when a human being senses a threat, the brain reacts by focusing its resources on minimising the threat, leaving it less able to deploy resources required for creative thinking and problem-solving. Perceived threats also inhibit the ability to think laterally, reducing vital “aha” moments of insight. By understanding the drivers that provoke a threat response and removing them (for example, excessive micromanagement, holding spur-of-the-moment brainstorming sessions where senior management expect junior employees to come up with groundbreaking ideas in front of a large audience), and replacing these “threats” with positive actions that underpin reward responses (for example, increasing an individual’s perception of fairness, autonomy and self-worth), companies will release untapped creative potential, enhance

positive outcomes and substantially reduce absenteeism and staff turnover.

#### Neuroleadership

Neurally informed leaders, as we call them, know that leadership does not come from some arbitrary authority or from applying some unifactorial theory of management (“do ‘X’ and success will follow”). The “extra mile” that characterises so many winners comes first from within. This can only be achieved by understanding how and why the biological brain needs its freedom to operate, free from individual stress and distraction, and to be socially engaged and rewarded in a culture of high performance and fair reward. Neuroscience, it seems, is the science of freedom, focus, engagement, achievement and reward—coincidentally, isn’t that what every successful business wants? ●

#### Neuromarketing

Traditional market research tools, which involve asking consumers what they want or whether they are likely to buy a new product, seldom accurately predict their subsequent purchasing behaviour. To quote the late advertising guru, David Ogilvy, “Consumers don’t think how they feel, they don’t say what they think and they don’t do what they say.” Brain scans and, more recently, scalable web-based behavioural tests that tap into consumers’ implicit thoughts and emotions at timescales too brief for the conscious brain to interfere, have found that consumers’ subconscious brain responses are better predictors of what people will remember when listening to marketing messages and also how they will act upon these advertisements. This new approach to market research, which also allows companies to capture consumers’ subconscious responses about potential new products, existing brands or planned campaigns, is termed “neuromarketing.” Neuromarketing is now being used by companies worldwide to reduce new-launch failures and to gain competitive advantage with greater predictability of consumer behaviour.



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