

INTRODUCTION

It turns out that most of what we thought we knew about management is probably wrong. New research shows that our emotions lead to better business decisions than our logic. Positive and negative feedback not only don't improve performance, they tend to make it worse. The quantifiable objectives that are a critical part of our strategic plans cause us to focus on the short term at the expense of the long term. Many of the management practices we've taken for granted are not only ineffective, they actually produce the opposite of what we intend.

At the same time, new approaches that have been proven to produce superior performance can't help but strike us as unreasonable. It's been demonstrated that smaller rewards tend to be more motivational than larger ones, that being competitive is often the best way to encourage cooperation, and that the managers who produce the best results are the ones who do the least managing.

The latest developments in brain science are teaching us a better way to manage, but they also challenge our common sense. Using

functional magnetic resonance imaging, or the *fMRI* as it's known in the field, scientists are now able to watch the brain at work, and what they're learning is mind-boggling. Not only have they located the areas of the brain that are responsible for our emotions, our reason, and even our moral character; they've also discovered what makes us empathetic, able to learn, and take pleasure in our work. They've even figured out why teenagers drive their parents so crazy.

But perhaps the most surprising discovery has come from mapping the path information travels from our sense organs to our awareness of the world we live in. Not only are the perceptual areas of the brain involved, so are the areas responsible for our memories, our feelings, our beliefs, and our aspirations. Our minds aren't objectively recording our experience of the world; they're creating it, and that creation is influenced by everything else going on in the brain. Each of us lives in a mental world of our own making.

This isn't just some abstract, philosophical issue. It has enormous practical ramifications for how we live and work. The world we know is only what we think it to be, and we can't assume other people will think the same way we do. In fact, we know they won't. Since our customers, employees, peers, and bosses all see things differently than we do, the way we act toward them doesn't necessarily produce the results we expect or want.

While most of us accept that others see the world differently than we do, we trust in our objective, logical reasoning to resolve conflicting perceptions. But the *fMRI* also shows us that objective reasoning has nothing to do with the way we solve problems, make decisions, and plan for the future. At best, logic is just a way to justify conclusions we have already reached unconsciously.

This new understanding of how the mind works needs to be incorporated into all of our thinking about business. The resulting management practices may seem illogical, but they'll produce better

performance. Our organizations will be more focused and efficient, and our strategies more effective at creating a sustainable advantage. We'll also be able to meaningfully transform businesses rapidly, and our leadership will bring out the best in people. The improvement in the bottom line will not just be incremental, but a quantum leap.

Any manager who's been around for a while has heard bold claims like this before only to end up disappointed by the latest and greatest initiative that doesn't live up to its promise. But brain science's transformation of management isn't just about another new technique or model. It's about shifting our paradigm to incorporate the hard data of science and fundamentally changing the way we think about business. When we do, we're able to gain access to an integrated set of management practices that really do deliver on the promise of superior performance.

With such enormous potential, why hasn't there been more interest in applying the insights of brain science to management? The reason is that our logical thinking excels at dividing things up and categorizing them. While this enables us to organize vast amounts of knowledge, it also separates what we know into specialties with their own unique language and ways of thinking. It's a daunting task for a layperson to come to grips with the complex Latinate terms of neuroscience. Businesspeople and brain scientists living in their own worlds have difficulty communicating and appreciating one another's concerns.

But this problem is an opportunity for those in business who are able to bridge the gap. It immediately gives them a leg up on the competitors who don't appreciate how the findings of brain science can be applied to their businesses. Nor is the application difficult once the implications of the basic discoveries are understood. There are no complicated algorithms or complex processes to master. With a just subtle shift of perspective it becomes clear what approaches

don't work and how to generate ones that do. All you need to do is use the mind the way we now know it naturally works.

This book explains what the latest discoveries mean and how they transform our understanding of the way people think and behave. For each key area of management, from strategy to leadership, it shows the limitations of our current practices and details the new, often counterintuitive approaches that are in line with how the mind actually works. It then demonstrates specifically what managers can do in each area to improve the performance of their businesses. Implementing these new approaches is surprisingly easy. The biggest challenge is for managers to stop doing most of what they're doing now.

While the goal is a healthier bottom line, management based on the insights of brain science brings other benefits as well. When a manager's actions aren't producing the opposite of what they intend, management becomes easier, less stressful, and more fun. When people are managed in a way that encourages their natural inclinations, they find their work more rewarding. It's good for the business, for the manager, and for the people.

Leaving aside the practical benefits, the latest discoveries of brain science are fascinating in their own right, and the path we'll travel in applying them to business is full of interesting twists and turns. Along the way, we'll meet a hero who taught the world the best strategists are consummate liars. We'll watch a student whose inability to understand an idea has made the jobs of managers so frustrating. We'll see children whose IQs rise dramatically only because their teacher was deceived into believing they would, and a dolphin that learns to shift paradigms. While it's a unique and at times strange story, the end point is the best way to quickly improve business results.

I am out in the corporate world every day, and I see intelligent,

well-meaning managers imprisoned by the conventional wisdom and frustrated by their inability to get an organization of people to do what they need them to do. I watch as the endless parade of new corporate initiatives produce disappointing results. At the same time, I know from experience that virtually every company can be more successful and that the success can be achieved far more easily and far more quickly than most believe is possible.

Understanding the recent discoveries of neuroscience can't help but change the way people think, and when their application to business is demonstrated, managers realize ways to improve performance that, while often counterintuitive, produce better results with less effort. With a perspective informed by science and a set of tools proven effective in the business world, managers will know what they need to do, not just for the bottom line, but for the people whose efforts are measured by that bottom line.

