

DNA Behavior®

Behaviorally SMART Operational Risk Management

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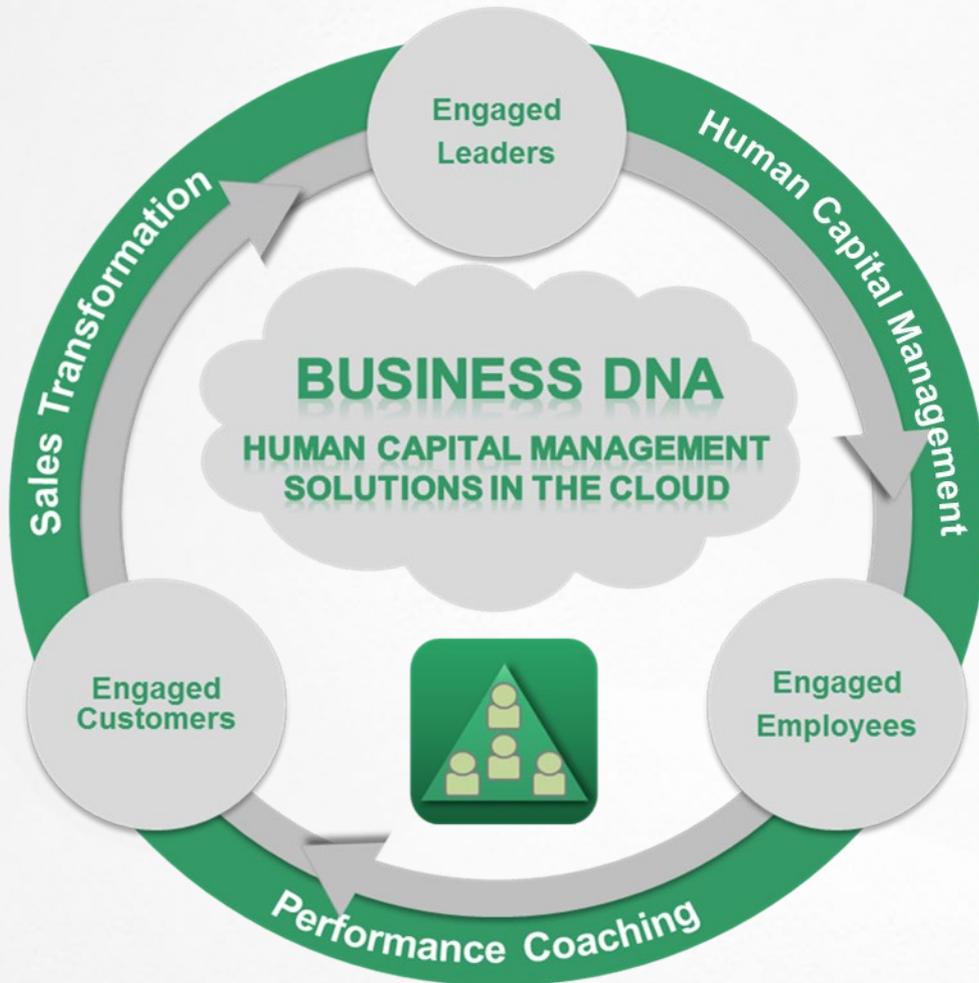
# What Damage Are Your Leaders and Employees Creating?

## Operational Security Risks Start With People From the Top Down



# DNA Behavior is an International People Insights Firm

## Turning Personality Into Performance



### Matching Talents, Roles, Teams, Suppliers, Customers

We provide businesses with a single technology platform which delivers practical and scalable behavioral intelligence solutions to “Know, Engage and Grow” every leader, employee, advisor and customer online for the building of a high performance business , culture with risk mitigation.

# DNA Behavioralizes Money for Leaders and Employees

## Predicting Security Risks Triggered by Behavior



# Which Employee is Your “Molotov Cocktail”?

## 5% of Employees Trigger Higher Security Risks



Use validated personality insights to identify:

1. Rogue employees
2. Toxic team, supplier and client relationships

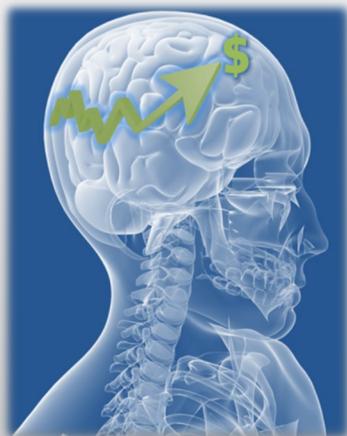
# Causes of the Operational Security Risk Problems

## It is No One Factor In Isolation

1. **Negative Personality Traits** – inability to identify a negative combination of traits, biases and emotions that may be triggered
2. **Superficial Hiring Process** – failure to use adequate behavioral and assumptive interviewing to get below the surface to character, integrity and performance issues
3. **Weak Organizational Design** – lack of balance in the structure of employee relationships and reporting lines
4. **Inadequate Internal Controls** – weak monitoring processes to detect unusual patterns of behavior
5. **Poor Culture** – lack of accountability for addressing issues and pro-actively enforcing compliance

# Key Research Insights on Security

## Points to Employee Personality



1. Companies lose 5 percent of revenues each year from fraud due to insider cunning (The 2014 Global Fraud Study by the Association of Certified Fraud Examiners (ACFE)).
2. 23% of annual spend on security should be directed to behavioral profiling and monitoring (The Global State of Information Security Survey 2015).
3. The most dangerous personality traits are:
  - Weak character – flawed decision-making under pressure
  - Innovative – bright mind turns into curious and devious thinking
  - Ambitious – desire for success leads to cutting corners
  - Secretive – working under cover

# Environmental Factors Cause Emotional Triggers

## Extreme Strengths Become Problems Unless Managed

Strengths



Strengths  
Overused  
Become  
Struggles

Struggles



**Performance – Productivity and Compliance**

Struggles  
Not Managed  
Become Weaknesses/  
Liabilities

# The Unique DNA Behavior Approach

## Score, Filter, Prioritize Employee Personality Insights

**Map:** Identify toxic employee relationships in and with other teams, suppliers and clients: psycho-org dynamics

**Match:** Use algorithms to dynamically overlay outlier behaviors with critical roles, transaction activity, communication flows, events for predicting rogue employees

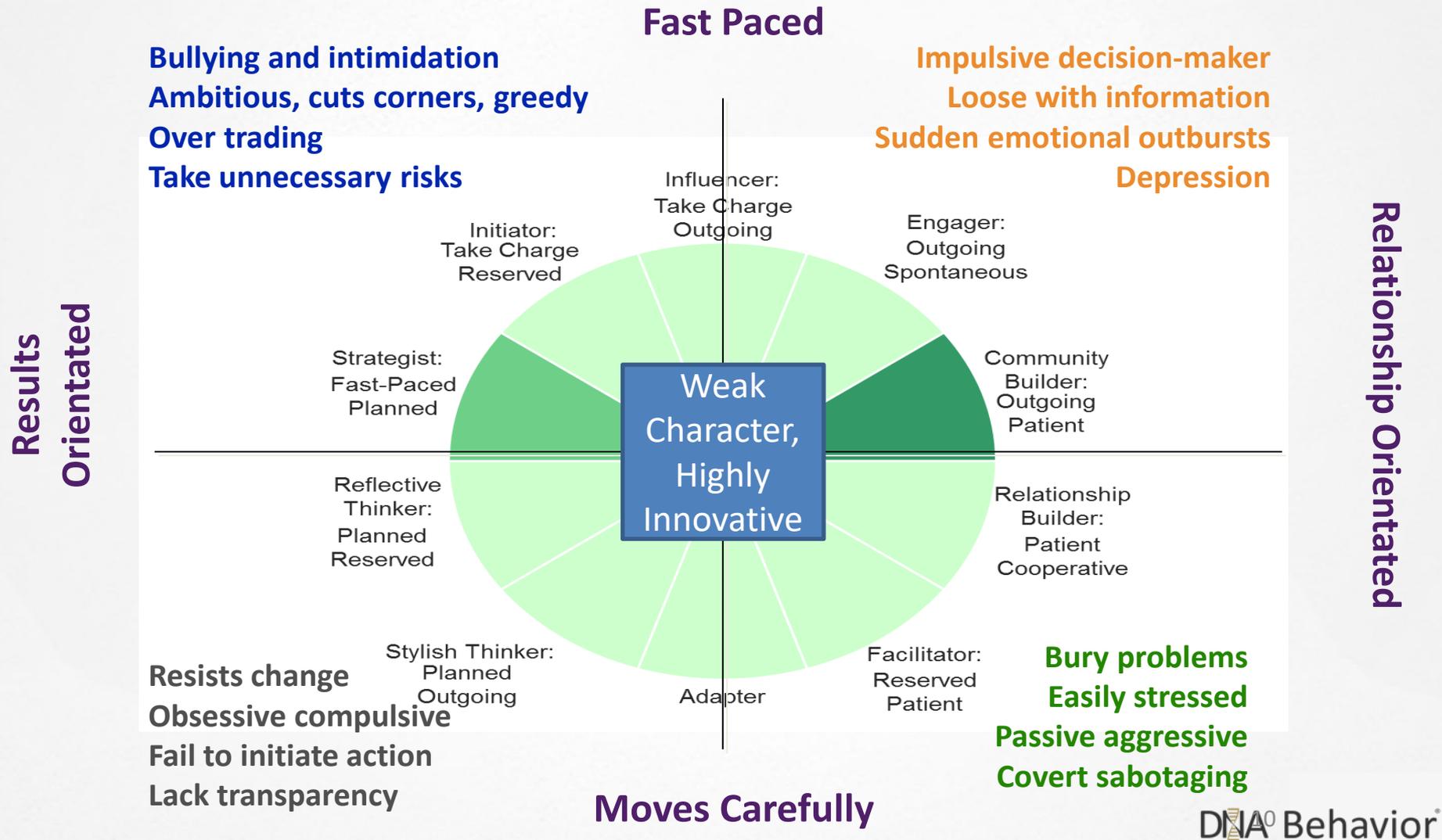
**Know:** Deploy DNA Behavior Discovery Processes with all employees to identify outlier behavioral traits

### Taking Action:

- Incorporate Personality Insights into Big Data
- Send security alerts
- Monitor
- Re-assign
- Develop

# DNAB Natural Behavior Unique Style Matrix

## Including Propensities for Behavioral Security Risks



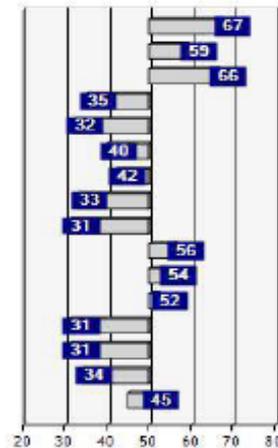
# 1-Page Factor Report

## 64 Traits based on 8 Factors; 24 Sub-Factors

For: Chris Coddington - Strategist

### Core Work Life Drivers

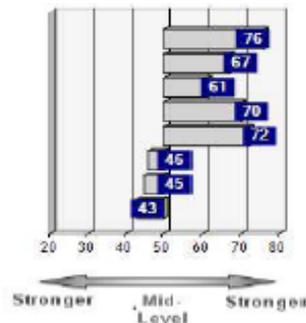
Cooperative	Consensus Seeking	
	Group-oriented	
	Diplomatic	
Reserved	Serious	35
	Reflective	32
	Quiet	40
Fast-Paced	Rational	42
	Task-focused	33
	Confronting	31
Spontaneous	Generalist	
	Improviser	
	Instinctive	
Skeptical	Controlling	31
	Suspicious	31
	Questioning	34
	Exacting	45
		26 [1%]



67 Authoritative	Take Charge
59 Self-reliant	
66 Frank	69 [97%]
Expressive	Outgoing
Sociable	
Communicative	
Empathetic	Patient
Encouraging	
Accepting	
56 Accurate	Planned
54 Scheduled	
52 Persistent	55 [69%]
Delegator	
Open	Trusting
Approachable	
Relaxed	

### Work Life Planning Drivers

Content	Steady	
	Balanced	
	Flexible	
Cautious	Careful	
	Stable	
	Experience Based	46
Anchored	Practical	45
	Left Brain	43



76 Initiator	Pioneer
67 Competitive	
61 Determined	79 [99%]
70 Bold	Risk-Taker
72 Risk Tolerant	72 [99%]
Original	
Enterprising	Creative
Right Brain	

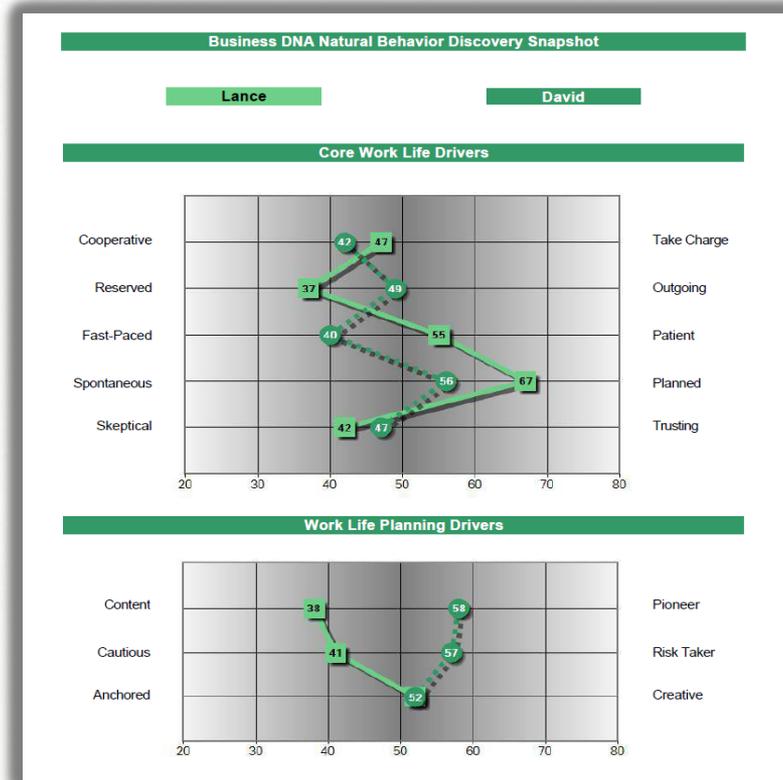
## BDNA 1-Page Factor Report

Each factor and sub-factor are measured on the left and right hand side.

The sub-factors are one dimension of the primary factor. Each sub-factor is independently measured. They do not average out to the Primary Factor score.

# Case Study

## CEO in Collusion with CFO



# Matching and Mapping the Organization

## Using Algorithms to Uncover Toxic Relationships



Identify toxic combinations of employees, teams, and clients:

- Similar strengths
- Opposite strengths
- Outside benchmarks
- Ineffective reporting lines
- Unsuitable solutions

# Environmental Indicators Triggering Rogue Behavior

## Finding the Signal in the Noise

### Emotional Drivers

- Late debt payments
- Foreclosure
- Poor job/pay review
- Bullying
- Divorce
- Felony/Mis-demeanor
- Health
- Stress

### Unusual Activity

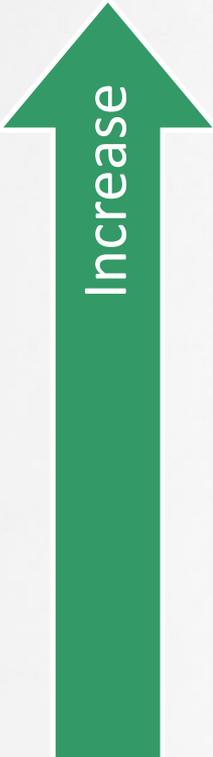
- Regulatory alerts
- Unsuitable recommendations
- Abnormal trading patterns
- Transaction losses
- Activity outside normal pattern and time of day
- Information flow changes and blockages
- Data breaches
- Dis-engagement

### Structure

- Long time in a role
- Mis-match of talents and skills to role benchmark and client style
- Very dominant or weak team leader
- Financial mis-alignment in team
- Access to IP and sensitive information
- Reporting lines which are not best practices
- Lack of internal controls

# The Benefits of Employee Behavior Monitoring

## Stronger Business Performance, Culture and Risk Mitigation



Increase

Time savings in more quickly revealing problems

Improved business culture, governance, hiring model

Productivity gains in re-directing people

Brand protection

Business shutdown

Compliance breaches

Costly complaints

Theft

Damage



Reduce

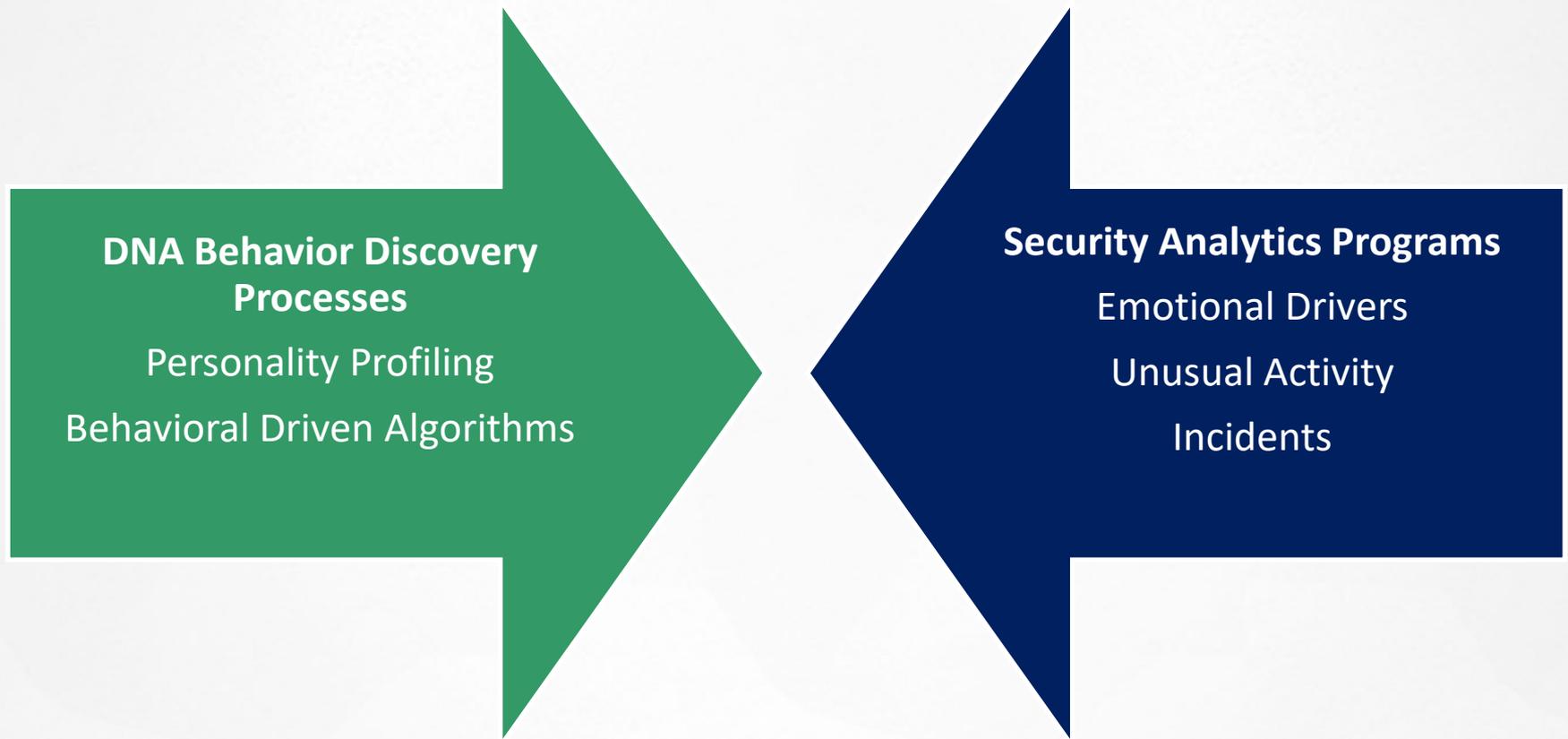
# Program for Predicting Employee/Contractor Behavior

## Options for Security Risk Assessment

- Typical Hiring Process Screening (Proactive)
  - Interview resumes
  - Background and reference checks
  - Review public social media
  - Behavioral assessment tools
  - Psychological assessment
  - Skills test
  - Organizational design review
  - Internal controls review
  - Transaction and activity review
  - Accountability and governance process review from the top-down
- React to incidents
  - Security investigation
  - Search social media
  - Interview employees and people who know them
  - Background check

# API Integration of DNAB with Security Analytics Systems

## Identifying Complex Risks and Continuous Monitoring



# Case Study

## Reporting of Pension Scheme Losses Blocked

Operations:  
Warning

- Provides warning of losses in phase 1
- Repeatedly ignored and not strong enough to get to board

C-Suite:  
Blocks

- Blocks reporting of info and attempts to bury
- Protecting financial interests

Board:  
Not Watching

- Asleep at the wheel
- Does not listen to signals

### Outcome:

- Ops person goes to the media
- SEC Investigation
- CEO jailed
- Brand damage

# Case Study

## High risk Trading of Accounts – Losing the Money



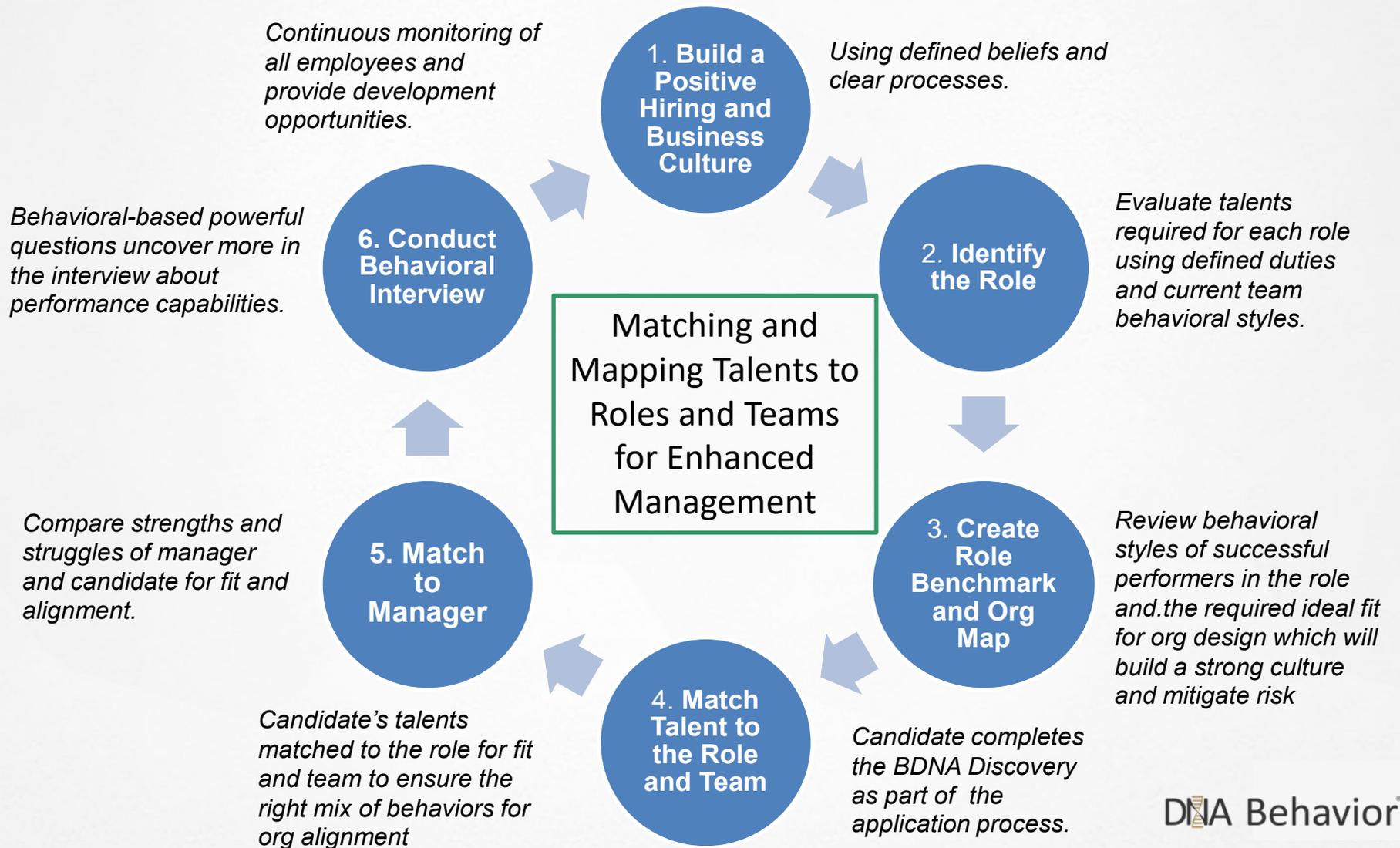
Passive Client –  
Says “Yes”

Domineering  
Advisor – “Pushes  
and Churns”

# How the Business DNA<sup>®</sup> Solutions Work For Operational Risk Management

# Building a Robust Hiring and Org Mapping Process

## Business DNA Methodology



# Effectiveness of Hiring Methods

## Behavioral Science Increases Accuracy

**Aptitude and Personality Assessments**  
**Increase accuracy of a successful hire to 53%**

**Job Profiling**  
**75% Accurate**

**Interview process alone**  
*only 14% accurate*

### COMPARATIVE VALIDITY OF DIFFERENT JOB PERFORMANCE PREDICTORS\*

PREDICTOR	VALIDITY
BUSINESS DNA® NATURAL BEHAVIOR DISCOVERY PROCESS	.91
JOB PROFILING	.75
COGNITIVE TEST SCORE	.53
JOB TRYOUT	.44
BIOGRAPHICAL INVENTORY	.37
REFERENCE CHECKS	.26
EXPERIENCE	.18
INTERVIEW	.14
ACADEMIC ACHIEVEMENT	.11
EDUCATION	.10
INTERESTS	.10

Magazine- "Human Resources Magazine" article [Employee Testing Gives Employers the Hiring Edge](#), by Maryanne Preston, March 1997

Studies by John Hunter, Ph.D., Michigan State University

# Forced-Choice Scoring Enhances Long-Term Predictability Quicker and 91% Reliable



Observations  
Do Not Get  
Below the  
Surface

- Objective measurement to get below the surface to hidden behaviors
- Situational, Gender, race, culture, age neutral methodology
- Organizationally scalable

# Traditional Situational Questions Cause Inconsistent Measurement

- **I want to use my money to become an important person in the community.** How strongly do you agree?

- Strongly agree
- Agree somewhat
- Disagree somewhat
- Disagree strongly

- **I am willing to take significant risks in order to advance my career.** Does this describe your attitude toward risk?

- Not at all
- To a small extent
- To a moderate extent
- To a great extent
- To a very great extent

- **To what extent does ensuring future job stability** occupy your time, thoughts and energy?

- Not at all
- To a small extent
- To a moderate extent
- To a great extent
- To a very great extent

Long term predictability and reliability issues:

1. Responses change depending on current mind-set, situation and events
2. Difficult to interpret and requires education
3. Strengths likely to be over stated and struggles understated by 1 standard deviation

# Forced-Choice Questions Results

## More Consistent, Reliable, Predictive

Choose “**Most Like**” you and “**Least Like**” you from each triad of words

- Attentive**  
Pays careful attention to what is said; makes effort to listen well
- Thinks quickly**  
Intelligent, mentally alert and sharp
- Follows routines**  
Likes habit, prefers to perform in a routine manner

- Confidently faces danger**  
Bold, brave, valiant, fearless
- Interactive**  
Sociable, wants to interact with others, seeks communication
- Self-assured**  
Full of assurance and certainty, bold, confident

- Decision Maker**  
Conclusive, decisive, comfortable in decision making or problem solving
- Generates new ideas**  
Inventive, imaginative, characterized by originality and expressiveness
- Determined**  
Follows through on goals, focused on outcomes

1. Non-situational phrases consistently measure specific ingrained behaviors and automatic biases over time
2. Easy to understand
3. Very difficult to “game” the assessment

# Use of Behavioral Assessments

## Legal and Human Resource Perspective

- They provide documented evidence that the employer did make a reasonable and prudent investigation of the applicant's fitness
- Must be a validated test that doesn't have an adverse impact on a protected group
  - Saroka vs. Dayton Hudson (Target Security Guards)
  - Can't ask questions about religious beliefs or sexual preferences
- Must be evenly and fairly distributed (all applicants take it at a certain point in the process)
- Can't be a clinical assessment of mental health; must be designed for business and industrial use
  - Violates Americans with Disabilities Act

# Contact Us

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