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Above and below the surface
marketing intelligence.

The Business Case for Emotionally Intelligent Leaders

Hand Out

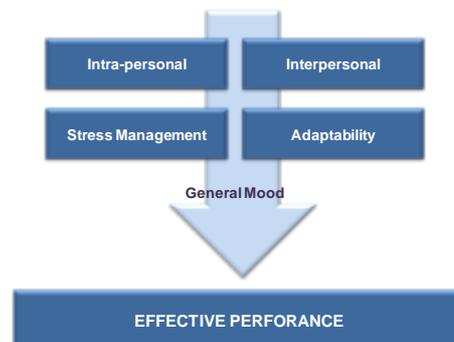
Definition of Emotional Intelligence

Emotional Intelligence is probably best defined by academics Mayer, Salovey & Caruso who made the following definition:

Emotional Intelligence is the ability to recognise and manage our own and others' emotions

Emotional Intelligence - Competencies

The Bar-On model is still one of the best recognised and used models of emotional intelligence.



Multi-health Systems

The Bar-On model illustrates effective performance is influenced by our general mood and four key emotional competencies including:

Intrapersonal

Self Awareness – recognising our emotions, their causes and impact
 Assertiveness – expressing ourselves openly
 Independence – self reliance in decision making
 Self Regard – self acceptance and respect
 Self Actualisation – realizing personal potential and enthusiasm for life and long-term goals

Stress Management

Stress tolerance – managing stressful events and remaining calm under pressure
 Impulse Control – remaining calm and constructive

Interpersonal

Empathy – awareness and understanding of others feelings and thoughts
 Social Responsibility – team playing, co-operation
 Interpersonal Relationships – establishing & maintaining successful relationships

Adaptability

Problem Solving - effective solutions
 Reality Testing – being realistic
 Flexibility – managing change and ambiguity

The Business Case – The Research

The cost of Poor leadership

Poor leadership often results from placing the wrong people into leadership roles. Promoting people who excel in their non-managerial roles. People who may have a high IQ. But a low EQ.

Promoting people with poor leadership skills in the leadership roles comes at an extraordinary cost.

And it creates the Poor Leadership's Triangle of Pain;



When a manager is performing badly – adopting behaviours such as micromanagement, intimidation, favoritism, bullying or withholding information it places the organization in a 'Triangle of Pain'. Because three entities are suffering as a result.

Staff

- In Australia 87% of staff leave because of their boss¹
- When under poor management staff typically exhibit:
- Reduced productivity
- Less ability to collaborate
- Higher absenteeism
- Lower quality of output
- Lower self esteem
- Higher propensity to leave

Managers

The managers also suffer due to:

- Frustration staff aren't responding to their needs

¹ The Gallop Organisation

- Anger that they are not being heard
- Despondency in not being understood
- Fear in lack of team performance
- Defensiveness about their own performance
- Fear in sharing their concerns about failure

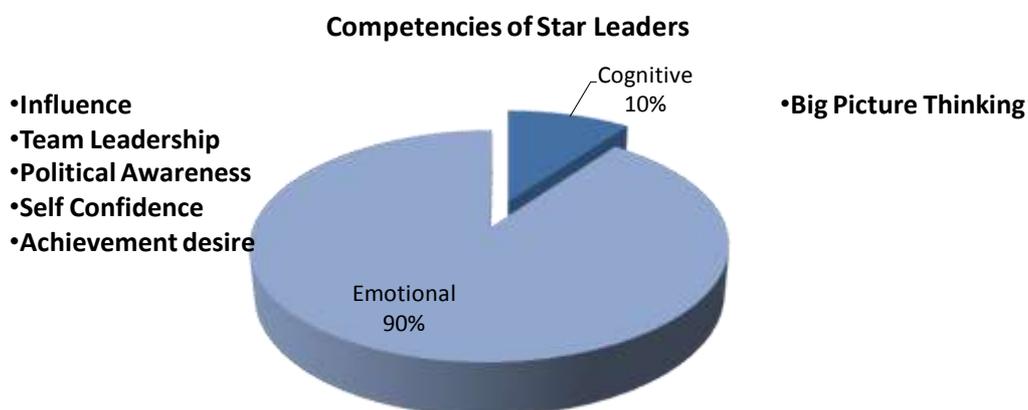
Organisation

The organisation is in significant pain. The costs to the organisation include:

- Loss of engagement – unengaged employees cost Australian companies AUS\$25billion per year²
- Reduced productivity and absenteeism
- Cost of replacement – the turnover cost of staff has been calculated to cost an organisation approximately one year of that staff member’s salary (Spencer 1993)
- Loss of organisational IP through turnover of staff

Given the cost of poor management, it is essential that Leaders take responsibility for properly addressing and resolving poor performance and poor leadership when they see it.

Star Leaders



(Source: Hay & McBer *Research and Innovation Group*, 1997)

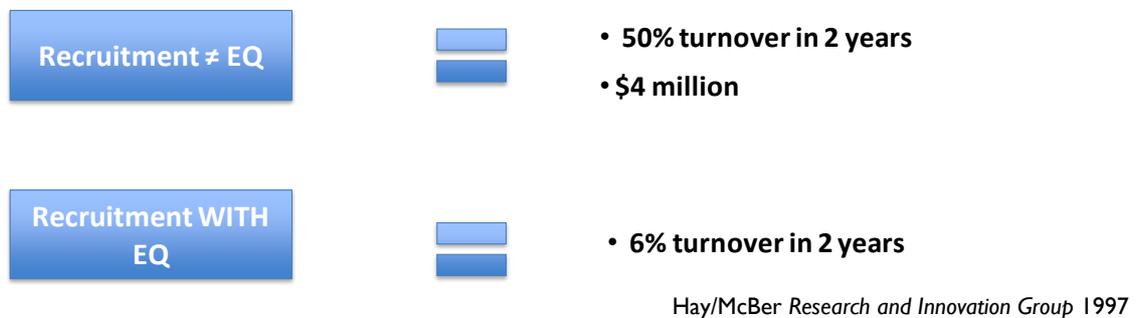
Research undertaken with hundreds of ‘star’ leaders of Fortune 500 companies found that the only cognitive competence that distinguished ‘star’ leaders from average and poor ones was patten recognition, or big picture thinking which would include competence in developing organizational vision and long term strategic planning.

Ninety percent of the competencies were determined to be emotionally intelligent competencies including leadership, influence, political awareness, self confidence and desire for achievement.

² The Gallop Organisation

Recruiting with EQ Competency Testing

A global beverage company found that when they employed their executive team using traditional recruitment methods they experienced a 50% turnover in two years at a search cost of US\$4million. When they then included EQ analysis in recruitment turnover decreased to just 6% over two years



Training in Emotional Intelligence

When American Express Finance undertook emotional intelligence training of their financial advisers, sales performance increased by 18%.

More interestingly was when Managers underwent emotional intelligence training the entire groups performance increased by 10%.

Emotional Intelligence training is a critical part of their workplace training with a priority in training managers.



Emotional Intelligence and Organisational Performance

The following research findings help build the argument for employing emotionally intelligent staff and/or training teams in emotionally intelligent competencies.

- At a national consulting firm, the partners who scored above the median multiple emotional competencies delivered 139% more profit than the average (at a value of \$1.2million) (Boyatzis, 1999)
- Sales people at Metlife who rated highly in the emotional competence of 'learned optimism' sold 37% more life insurance in first two years (Seligman 1990)
- At an American insurance company, agents who tested strong in 5 of 8 key emotional competencies, sold twice as much insurance as those who tested average (\$114,000 pa versus \$54,000 pa) (Hay/McBer Research and Innovation Group 1997).
- L'Oreal found that those staff who tested strongly in emotional competence experienced 100% higher sales than average (Hay/McBer Research and Innovation Group 1997)
- When AT&T's Bell Labs undertook Emotional Intelligence training over a seven year period research showed that participants experience at 10% increase in productivity immediately following the program, 20% increase after 6 months and 25% increase in the first year. In a second study, managers who undertook the training doubled their productivity against the control group.(see article 'How Bell Labs Creates Star Performers' published in Harvard Business Review').
- In study of 44 Fortune 500 companies (including IBM, PepsiCo and AT&T, top performers (accounting for 10% of sales teams) achieved more than double the sales revenue of the remaining 90%. (Sloan & Spencer 1991)

With data like this, I wonder if we be compelled to see the investment in emotional intelligence training and recruitment as building the emotional infrastructure of our organisations for the purpose of profit, productivity and competitive advantage.

Emotional Competencies of World Class Leaders

Canadian Psychologist Dr Steven Stein undertook a study of hundreds of 'world class leaders' including the leading international CEOs and entrepreneurs.

His study found that World Class Leaders exhibited seven key emotionally intelligent competencies.

In order of importance those seven key competencies were:

1. Independence
2. Assertiveness
3. Optimism
4. Self Actualisation

5. Self Regard
6. Interpersonal relationships
7. Empathy

A brief description of each competence is as outlined below. These competencies are discussed in detail in Robynne Berg's half day and full day workshops.

Independence

- Overcoming dependency and feelings of insecurity
- Overcoming the perceived judgement of others

Self Reliance

- Trusting our own views
- Internal accountability for personality, behaviours and choices
- Internal accountability for work and relationships
- Your beliefs & values
- Accepting responsibility
- Confidence in your own judgement as a leader
- Accepting responsibility for being a leader – being comfortable
- Self assured behaviour
- Less interest in proving self – more interest in expressing self
- Able to communicate the organisation's vision and direction

Self belief

- Self efficacy
- Your ability to manage your world
- Celebrate your own wins/ achievements
- Personal Vision
- Choosing your mood/ behaviour

Assertiveness

- Communicating clearly – so others understand what is needed
- Self control – managing anxiety – calm and authoritative – managing conflict
- Providing vision for the future, how it can be achieved, values and purpose
- Communicating honestly
- Assessing the needs of others

- Acknowledge the position of others – what is the benefit to them
- Emotional contracts

Optimism

- Seeing the big picture
- Value lessons in problems and failures
- Focus on the requirement not the problem
- Self talk
 - 95% of emotions determined by self talk
 - Choosing to triumph over adversity
- Problems are transient and controllable
- You choose how you feel and react and how you explain a situation to yourself
- Seeing situations as opportunity for self mastery

Self Actualisation

- Passion for what you do
- Deciding to become to person you are capable of being
- You are the author of your own experience
- Intrinsic motivation
- Using discontentment to propel
- Where you stand determines what you see
- Visualisation of performance
- Cultivate vision and fuel passion
- Associate with passionate people
- What you do determines who you are
- Act as if
- How you feel – focus on your strengths and value who you are
- Provide others with an opportunity to shine
- Having many interests

Self Regard

- The emotional aspect of our personality – drives how you think feel and behave
Self Worth
- What you believe of yourself and your abilities
Self Competence

- A belief in ability to do job well

Interpersonal Relationships

- Building lasting relationships
- Approaching others from place of goodwill
- See all as equals
- See all as collaborators
- Offering autonomy

Empathy

- Ability to see things for another's point of view
- Active listening
 - seeking emotional cues
 - paraphrasing
 - asking open-ended questions
- Helping others manage their emotions

ENERGY DIARY

| CATEGORY | THINGS THAT ENERGISE ME | THINGS THAT DRAIN ME OF ENERGY |
|---------------|-------------------------|--------------------------------|
| ACTIVITIES | | |
| FOOD | | |
| SLEEP | | |
| RELATIONSHIPS | | |
| ENTERTAINMENT | | |
| EXERCISE | | |
| OTHER | | |

(adapted from: *Clawson JG* 2003)

Take some time to think through the activities you undertake in any day. What are the activities that give you energy? And what is it that reduces or drains your energy? Remember that each day we have only so much energy to expend. How do you wish to expend your energy)

YOUR PERSONAL STORY

REFLECTING ON A CHALLENGE THAT CHANGED MY LEADERSHIP PRACTICE

THE CHALLENGE

HOW YOU FELT

WHAT YOU LEARNED ABOUT YOURSELF

HOW IT CONTRIBUTED TO YOUR LEADERSHIP PRACTICE/ RELATIONSHIPS

Reflect on your own personal story. What is one challenge that you overcame that allowed you to develop as a person and a leader? What did you learn about yourself, and how do you allow this to develop you a leader?

YOUR LEADERSHIP STORY

REFLECTING ON MY LEADERSHIP STORY

Why am I here?

How long do I intend to stay?

What's in it for me? And why is that important?

What do I plan to achieve?

How will I achieve it?

Reflect on your own leadership story. Seek to define why you are in this role, what is in it for you and what you intend to achieve. Our teams will only believe us when we tell them what's in it for them if we have first told them what's in it for us.

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