

HOW DOES EQ RELATE TO YOU AND YOUR BUSINESS?

Could the leaders in your organisation do better?

Are there some leaders who are known for difficulties in relating to others, being compassionate, empathetic, for having poor interpersonal skills?

Is relationship building critical to your organisation's success?

Are staff finding that they are often under pressure to achieve deadlines, or because of changes at work?

Is the sale of a product, service or idea part of your business?

Are there issues around lack of trust in your workplace?

When there is conflict or disagreement, is it settled constructively?

Do your surveys, or feedback, indicate a lack of communication, empathy, or trust?

Do your teams communicate well both within their team and between teams?

Do people demonstrate attentiveness, and take responsibility for follow-through?

Do you have high rates for absenteeism, or a high turn over?

Are you experiencing resistance to change?

Are you maximising creativity and innovation at work?

Are you concerned about energy levels in any part of your organisation?

Is potential success always pursued?

If you have an "Ah ha" or "Yes" reaction to any of these questions, consider working on raising emotional intelligence levels. These are all areas where improved emotional intelligence will have an impact. Whereas IQ (Intelligence Quotient) is stable and difficult, if not impossible, to raise, EQ (Emotional Quotient) can be learned and the relevant behaviours changed.

The following pages show the impact a high level of emotional intelligence has had on the bottom line of organisations.

In General

- Goleman found that if a head of a division (Based on research in Asia, Europe and the Americas) had strengths in a critical mass of six or more emotional intelligence competencies, that division outperformed yearly revenue targets by 15-20%. Conversely, if the leader was weak in these competencies, the division under-performed by about the same margin.
- In one an insurance company in the United States, for salespeople with a critical mass of EQ competencies, the average value of premiums sold was \$US114, 000. Sales people lacking these strengths averaged \$US54, 000.
- Studies of leadership in the United States army showed that high performing leaders were emotionally intelligent, i.e. they were open, available, knew their staff, could be firm when necessary but were otherwise easy-going and enjoyable to be with, reached out to other people, and welcomed bad news as well as good. Bad commands were opposite; they were aloof, rigid, and unavailable.
- Since 1986 the Saratoga Institute has collected data from nearly 600 companies in more than 20 industries, selected for profitability, cycle times, volume and other similar indices of performance. Searching for what these outstanding companies held in common, the institute identified the following basic practices in managing human assets- their people. They are very similar to emotional competencies identifying top-performing individuals.
 - Balance between the human and financial sides in a company
 - Organisational commitment to a basic strategy
 - Initiative to stimulate improvements in performance
 - Open communication and trust-building with all stakeholders
 - Building relationships inside and outside that offer competitive advantage
 - Collaboration, support and sharing resources
 - Innovation, risk taking, and learning together
 - A passion for competition and continual improvement
- Egon Zehnder International is a global executive search firm. It prides itself on being emotionally intelligent, collaboration is critical, there is a single profit centre, loyalty and sharing are valued. Partners are encouraged to do pro bono work for charitable groups etc, and the company makes contributions to society. It is the most profitable search firm in the world, increasing profitability each year for the last 6 years. In 1995 the average revenue per consultant for the top 20 search firms was \$577, 000. For Egon Zehnder the equivalent was \$908,000. By 1997, it had increased its staff of consultants 27%, yet revenue per consultant had risen to more than \$1 million.
- At American Express Financial Advisors, managers have been trained to be more emotionally aware and to be “emotional coaches”. Now their advisors built long-term trusting relationships that translate into higher sales.
- An interaction management programme designed to improve leadership skills in areas such as productivity, handling conflict, performance improvement, delegation, and overcoming resistance to change, has had significant effects in a major manufacturing firm. E.g. lost-time accidents reduced 50%, formal

grievances reduced from 15 to 3 per year, and productivity goals were exceeded by \$250,000.

In Relationship to Creating and Sustaining Competitive Advantage

Three key driving forces, for issues raised by CEOs worldwide, have been identified as:

Building Trusting Relationships	<ol style="list-style-type: none">1. Put people first. <i>Value others with 1:1 respect in everyday work interactions.</i>2. Build a bedrock of trust and loyalty. <i>Commit to collaboration based on concern, alignment, integrity, and results.</i>3. Communicate directly and disagree constructively. <i>Talk straight, stand up for what you believe, welcome new learning, champion constructive discontent, commit to shared goals.</i>
Increasing Energy and Effectiveness Under Pressure	<ol style="list-style-type: none">1. Find a better way. <i>Demonstrate exceptional attentiveness and take responsibility for follow-through.</i>2. Outperform the competition. <i>Implement effectiveness mechanisms for energy, motivation and stamina.</i>3. Seize the initiative. <i>Mobilise creative drive and emotional commitment while saving time in meetings.</i>
Creating the Future	<ol style="list-style-type: none">1. Go for growth. <i>Maximise opportunity sensing and innovation in all aspects of work.</i>2. Break the mould. <i>Overtorn rigid mindsets and use every available catalyst to spark learning and increased creativity.</i>3. Build on success. <i>Advocate unique potential and pursue on-purpose breakthrough challenges.</i>

The rest of the business results related to emotional intelligence are presented within this framework.

Building Trusting Relationships

- Beginning in 1989, Roger Telschow, CEO of Ecoprint, focused in building trust in employees' learning requirements, profit sharing bonuses, and desire to remove difficulties in job completion. He claims a \$100 return on each \$5 invested in calling on sincere trust and honesty in preventing errors in custom work. Ecoprint since won 4 national and state productivity rewards.
- At NEC and Sony, the conventional assembly line is giving way to a spiral line, where 4-5 workers share a small shop and rely on trusting one another when each is assembling an entire video camera or cordless phone. These spiral lines have a 10% higher productivity than conventional lines. Compaq, using similar principles, have reduced labour by 51%.

- Most Baldrige award winners rely on trust, e.g. Galvin, chairman of Motorola, based his quality management programme on a foundation of trusting relationships and open and constructive debate. These are two central aspects of emotional intelligence at work.
- In-depth studies over 20 years in more than a hundred organisations have shown that the emotional competencies of constructive discontent and productive disagreements are vital to success in a range of performance measures, e.g. considering alternatives, questioning falsely limiting assumptions, saving time, innovative solutions, improved understanding of strategic choices, significantly more effective decision making.
- Graham, cited in a study by Nelson, found the most powerful motivator for 1,500 employees was genuine, personal, on-the-spot recognition from managers.
- Palmer Reynolds, CEO of Phoenix Textile Corporation in St Louis, instituted a series of trust building breakfast dialogues, inviting employees from all the 5 departments. Long-standing differences were resolved, sales soared, and revenue grew from \$1 to \$24 million in 6 years.
- John Brown, CEO of BP with \$70 billion in revenues, 53,0000 people, 90 global businesses, says sharing ideas and know-how face-to-face around the globe, has major benefits beyond adding an estimated \$30 billion in value in the first year alone. This process increased trust, saved time, contributed to generating \$4 billion in permanent improvements.
- UCLA studies show that over 90% of trust and believability may be linked to EQ, not IQ.
- Starbucks' CEO Howard Schultz attributes growth at an annual compounded rate of 60% for 5 straight years to his leadership team's attention to building sustaining respect and trust.
- Hewlett Packard says trust based leadership raises their organisational commitment 20% above the industry norm. HP has a unique set of trust-centred practices.
- John O Whitney believes that up to half of all daily business activities may be wasted or compromised, due to a significant degree to mistrust that he says imposes an invisible "tax" on interactions and operations. Whitney is director of the Deming Centre for Quality management and professor at Columbia University's Graduate School of Business.

Increasing Energy and Effectiveness Under Pressure

- A Person-Centred Leadership programme at Centennial Medical Centre that included many aspects key to emotional intelligence, contributed in 3 years to tripling the cash flow (\$11-30 million), 33% profit growth, and 50% reduction in turnover of key people.
- Southwest Airlines has a strong corporate culture based on trust, energy, exceptional effectiveness under pressure, and innovation. It is the only airline in USA that has made a profit every year since 1973, and since 1991 is averaging 20-30% annual growth.
- Ford Motor Company brought in EQ-connected Learning Laboratories that emphasised trust and loyalty as driving forces for increasing creativity and effectiveness. Timelines reduced from 70 days to 3 days, error rates decreased from 30% to 2%.

- A study of 48 manufacturing companies showed 24 of the companies using a process including EQ related competencies of exceptional attentiveness produced over twice the benefits (measured as savings over % of sales) over conventional counterparts.
- FedEx claims 20-50% fewer customer complaints since using EQ-related skills in investigating customer complaints.
- When management of the Hampton Inn chain decided to stand behind its guarantee of 100% customer satisfaction, employees were entrusted with the authority and responsibility to act on customer needs and grant free overnight stays. Within 6 months of the implementation of this new programme, employee turnover decreased 20% and \$12 million in new revenues were generated.
- Studies have shown that when employees are entrusted with the design of their own workspace, productivity increases by 10.6% to 102.8%.
- Problem-solving time improvements of up to 500% have been found when employees use intuitive and sensory skills to shift gear and renew energies.
- Mental and emotional fatigue causes damaging mistakes and oversights. Research shows productivity increases of up to 15% can be found through introducing scientifically designed pauses and breaks, up to 9 minutes every hour.

Creating the Future (Unique potential and innovation)

- In a study of why managerial careers derail conducted by the Centre for Creative Leadership, 3 of the 4 most enduring explanations were related to a lack of emotional intelligence: inability to handle interpersonal problems, unsatisfactory team leadership, and inability to adapt to change.
- New hires at Metropolitan Life, who scored high on a measure of optimism, the Outlook scale in the EQ Map, outsold others by 21% in their first year and 57% in their second year.
- An innovative manager of a Total Quality Programme at Grumman Technical services used his team to create a process-tree from Post-Its. This was on the wall for weeks so employees could move things around, searching for new efficiencies, and sensing where the next level of revenue-building opportunities would come from. The innovations generated brought overheads down by 18%. Also 2 ideas were linked together which helped Grumman win a \$340 million job. Each of the company's 12 key indicators showed steady improvements, including an 88% improvement in cycle time for producing reports.
- Since using a purpose-driven, future-oriented plan and development approach, encompassing many characteristics of EQ – rather than the typical past-grounded, intellectually-based research and development approach, a Japanese car manufacturer found that 30 out of every 100 new products it manufactured are successful in the market place. This rate was previously 3 out of every 10,000.
- Medtronics created a unique programme which gives employees an opportunity to pitch new ideas they are passionate about to top decision makers. This led to emotionally committed engineers proving they could make accurate heart pacemakers for one-fifth the price of previous ones. This one idea is estimated to be worth \$200 million.

- FedEx uses an award system to give extra cash to employees who have daily contact with customers. In 1995 alone this word-of-mouth programme generated \$120 million in new customer business for FedEx.
- Nokia rallies the emotional commitment of its employees in various ways, including “New Ventures Fairs”. Although Nokia sells 90% of its business outside its home country, it has doubled sales volumes from \$4 billion to \$8 billion in 3 years, has an annual 20% growth rate of pre-tax profits, and has higher sales per employee than competitors.
- A highly successful suggestions scheme, with follow-up from the CEO, has gained Boardroom Inc. a \$500,000 savings through one idea from a shipping clerk.
- Guinness, one of the world’s top retail outlets, emphasises “opportunity-sensing”, an emotional intelligence characteristic. Guinness averages sales of approx. \$US26, 000 per square foot of retail real estate, compared to the average United Kingdom’s standard of \$1,000 per square foot.
- American Express Travel Related Services established a Great Performers’ opportunity-sensing programme. This promoted emotional intelligence competencies and showcased employee initiatives that led to new markets, products and services, increasing income of 500% in 11 years.
- An Amoco refinery in Texas City saved over \$19 million in 2 years through formalising an opportunity-sensing programme.
- American Airlines maintains a 70-person staff dedicated to its employees’ suggestion programme. Recently this programme generated savings of \$50 million to buy a new Boeing 757.
- A European-American study of 3,000 strategic business units showed a significantly higher return on investment (16.7%) for units practising high EQ human relations, including fair compensation, conflict management, encouragement in sensing and pursuing new ideas and taking initiative; a strong sense of accomplishment; participation in honest dialogues and decision making; creation of feelings of belonging, and openness to change. ROI increases were highest in fast-shifting environments with unpredictable changes in markets, competitors and technology.
- Kingston Technology lost everything in the 1987 stock market crash. Since then they have practised consciously emotional intelligence characteristics, e.g. putting people first, flexibility, helping one another, and have gone from broke to \$1.5 billion in 9 years. In October 1996 they sold 80% of their company for \$1.5 billion, and 2 months later gave their 523 employees a \$100 million bonus in keeping with a promise made 9 years earlier.

References

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