



Excel Leader Advisory Letter

ISSUED BY THE EXCEL LEADERSHIP GROUP

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Excel's Mission Statement

To help business leaders achieve higher profits by creating a high performance culture and unleashing the talents of all associates.

Thought for March

"The ear that hears people, that hears what they feel as well as what they say-this is the key to success in any business today."

-Ralph Lazarus



Effective leaders create their own high performance work environment based on high levels of employee engagement and discretionary effort. Their cultures in turn contribute directly to producing sustainable world-class results and higher profits. Therefore, despite the current economic climate and all its related challenges to your bottom line, you should continue investing in the development of your own leadership skills and those of your management team.

Last month, I shared an article on employee engagement that I wrote for the November 2009 issue of [InterBusiness Issues](#), a Central Illinois monthly business magazine. This month, I would like to share another article that I contributed to the February 2010 issue on emotional intelligence. Given the important connection between emotional intelligence, effective leadership and business results, I thought it timely to include in this month's advisory letter. Enjoy.

Our culture, including our business culture, has historically valued intellect or cognitive intelligence (measured as IQ) above all else. While cognitive intelligence is important, research shows the key determinant of leadership success is actually emotional intelligence (measured as EQ). Unlike IQ, which we are born with and remains much the same throughout our lives, EQ isn't fixed at birth. It can be measured through assessment testing, and then enhanced through training, mentoring and coaching to develop leadership skills—and increase business success.

By definition, EQ is the ability to be aware of our own emotions and the emotions of others, and to use that information to manage our relationships and ourselves. Recent research indicates EQ accounts for a whopping 80 percent of success in the workplace and in life, while IQ accounts for just 20 percent. That means business success is not simply about how "book smart" leaders and other employees are, it's more about how "people smart" they are that produces profitable results.

Research shows higher EQs offer a competitive advantage

Leaders and others with low EQs typically possess common negative traits, for example rigidity, that often create issues in the workplace, including poor interpersonal relationships and an inability to work with a team. On the other hand, "Higher EQ leaders are more likely to make better decisions, engage and influence more effectively, and create the right mood for the job," according to Joshua Freedman and Todd Everett, authors of the whitepaper "The Business Case for Emotional Intelligence," which reports on findings from their EQ research.

Their research indicates improving EQ can help business leaders foster a high performance culture to "yield significantly higher productivity, retention, and profitability—and emotional intelligence appears key to this competitive advantage." Freedman and Everett also found, "The evidence is increasingly

compelling. The measurable, learnable skills of emotional intelligence make a significant impact on organizational performance. EQ may be essential to differentiating world-class organizations in an increasingly complex and competitive marketplace.”

Given this and other emerging data from EQ research studies, many organizations are seeking to gain a performance advantage by using emotional intelligence testing—or EQ assessments—as the starting point for their employee development initiatives.

EQ assessments identify strengths and point to areas for improvement

In essence, an EQ assessment measures different aspects of emotional intelligence to provide insight into a person’s personality strengths and weaknesses. One of the most popular EQ assessment tools today with both individuals and Fortune 500 companies is the Emotional Intelligence (EI) Profile, developed by Laura Belsten, Ph.D. (Dr. Belsten, recognized internationally as a leading authority on EQ, is a faculty member at the University of Denver where she teaches the graduate course “Coaching Emotional Intelligence.”)

The EI Profile is also one of the most comprehensive assessment tools, measuring 24 leadership competencies tied to EQ, such as integrity, resilience and empathy. It consists of 24 sections that fall within the four EQ quadrants of:

1. Self-Awareness—The ability to recognize one’s emotions, internal states, preferences, resources and intuition
2. Self-Management—The ability to manage one’s emotions and impulses, and adapt to changing circumstances
3. Social Awareness—The ability to sense, understand, and react to others’ feelings, needs and concerns while comprehending social networks
4. Relationship Management—The ability to inspire, influence and develop others while managing conflict

Each of the 24 sections contains three statements. The person taking the EI Profile, under the direction of an executive coach certified to administer the assessment, assigns each statement a score from 1 to 5 points, with 1 being “I never do this” and 5 being “I do this all the time.”

To give you an idea of the types of statements a participant must respond to, here are three examples from the EI Profile assessment:

- “I am patient with people and situations at all times; I never lose my temper.”
- “I recognize and seize opportunities; I have a bias for action and rarely procrastinate or wait for things to happen.”
- “I am a naturally positive person; I believe things usually work out for the best.”

After completion of an assessment, the administrator scores the results and prepares a 24-page report, which highlights a participant’s EQ strengths and points to areas for improvement. The administrator’s report also typically includes suggestions for how the participant might work toward raising their EQ, such as specific training, or a coaching and/or mentoring plan of action.

Real-world examples prove the value of EQ assessments

Scores from EQ assessment tools like the EI Profile have proven to be better predictors of performance and leadership efficacy over IQ scores. As a result, many high-profile companies have employed assessments to their advantage to measure emotional intelligence competencies, such as integrity, building trust, communications, resilience and optimism. For example:

- MetLife selected their sales force based on high levels of the EQ competency of optimism. These salespeople outsold others within MetLife by 37%.
- Each member of the L'Oreal sales force selected on the basis of EQ competencies sold \$91,370 more than others did who were not selected based on these competencies.
- Sheraton Hotels increased market share by 24% as a result of an EQ initiative that involved short training sessions focused on enhancing EQ skills. Specifically, leaders created a positive culture based on trust, a key EQ competency. The initiative also resulted in a significant increase in guest satisfaction and reduction in staff turnover.

Real-world examples like these make it easy to see why enlightened organizations are turning to EQ assessments as a benchmark for measuring the success of employee development initiatives designed to improve the EQ proficiencies of their workforce. Because as Jack Welsh, retired CEO of GE and one of the most highly regarded CEOs of all time, said about the value of EQ, "No doubt emotional intelligence is more rare than book smarts, but my experience says it is actually more important in the making of a leader. You just can't ignore it."

As always, I encourage you to contact me anytime at mike@excelleadership.net with your comments and questions. Also, if I can be of assistance with your leadership needs, please contact me. We'll talk to you again in April. Be well and best regards.

Join our Web-based "community" devoted to open and honest discussions on topics related to leadership challenges and solutions. To join, simply visit TheExcelLeadershipGroup.net and click on "Community."



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