



THE BUSINESS CASE FOR EMOTIONAL INTELLIGENCE

CONTENTS

- I. THE VALUE OF EMOTIONAL INTELLIGENCE (EQ) TO BUSINESS
- II. RECENT ARTICLES ON EMOTIONAL INTELLIGENCE
- III. OVERVIEW OF THE EMOTIONAL INTELLIGENCE APPRAISAL™
- IV. RESEARCH AND DEVELOPMENT



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The Business Case For Emotional Intelligence

I. THE VALUE OF EMOTIONAL INTELLIGENCE (EQ) TO BUSINESS

James E. Perrella, Chairman and CEO of Ingersoll-Rand Company, puts the value of emotional intelligence in perspective:

“America is moving from a manufacturing economy to a value-added, service-oriented economy. And at the heart of service is relationships: interpersonal relationships; intergroup relationships; and interdepartmental relationships. The ascendance of work teams in large organizations puts a new premium on relationship team skills. Most important are:

1. *Communicating or listening openly and sending convincing messages,*
2. *Managing conflict, which entails negotiating and resolving disagreements.*
3. *Inspiring and guiding individuals and groups as a leader.*
4. *Initiating and managing change.*
5. *Collaborating and cooperating with others toward shared goals.”*

- ◆ **EQ is a driving force in the \$40 billion training and development industry.**
 - 1995 book, Emotional Intelligence captured public attention by presenting a model that rolls all critical soft skills into one simple model. Book has 10 million copies in print worldwide (30 languages in 50 countries).
 - 1998 Harvard Business Review article on Emotional Intelligence is their most popular piece *of all time*. Articles to follow focused on:
 - Emotionally intelligent teams.
 - Emotionally intelligent organizations.
 - Leaders who drive organization performance through EQ.
 - 2002 follow-up EQ book, Primal Leadership, hit the national best seller list its first month out.
 - Research shows EQ is *twice as important* as traditional leadership skills for job performance in management positions. EQ impacts job performance more than technical skill plus IQ and cognitive ability combined.

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Daniel Goleman's model of *emotional intelligence* is...



- 1) **Self-Awareness.** Can I accurately identify my own emotions and tendencies as they happen?
- 2) **Self-Management:** Can I manage my emotions and behavior to a positive outcome?
- 3) **Social Awareness:** Can I accurately identify your emotions and tendencies as I interact with you or a group?
- 4) **Relationship Management:** Can I manage the interaction I have with others constructively and to a positive outcome?

Emotional Intelligence

Touching and Feeling Bottom Lines Everywhere™

Building a Powerful Sales Force

- ⌘ **American Express** Financial Services saw pilot efforts at EQ training produce a big enough increase in sales that it was incorporated into the standard training process after just 3 months.
- ⌘ **Hallmark Communities** Sales staff who developed emotional intelligence were 25% more productive than their low EQ counterparts and emotional intelligence was more important to executive job performance than character, strategic thinking and focus on results. EQSight™ raised individual and team EQ for the low and high EQ groups to improve group cohesion and job performance (Bradberry, 2002).
- ⌘ **L' Oreal** realized a \$91,370 increase per head for salespeople selected for EQ skills. The group also had 63% less turnover than sales staff not part of the EQ program.
- ⌘ **Multinational Consulting Firm** measured the EQ of senior partners on emotional intelligence competencies. Partners high in EQ were responsible for \$1.2 million more profit each in their clients than low EQ partners. High EQ partners showed a 139% gain in profit (Boyatzis, 1999).

Improving Operational Efficiency

- ⌘ **International Beverage** saw division leaders who developed EQ competencies outperform their targets by more than 15%. Division leaders who didn't develop their EQ missed targets by the same margin (McClelland, 1999).
- ⌘ **IBM, Lucent, PepsiCo and British Airways** participated in a 500-company study that found EQ competencies explained more than 80% of job performance for executives. Across industries, EQ was twice more important to job performance than any other skill and had more influence on job performance than IQ *and* experience *combined* (Goleman, 1998).

The Business Case For Emotional Intelligence

⌘ **AT&T** operations management (from line supervisors to senior executives) who had increased emotional intelligence, measured through the Emotional Intelligence Appraisal™, were 20% more productive than their average EQ counterparts. 91% of top performers were high in EQ, while only 26% of low performers were high in EQ (Bradberry, 2002).

⌘ **Top Performers** in positions of medium complexity, such as sales clerks and mechanics, are 12 times more productive than weak performers and 127% more productive than average performers. Emotional intelligence accounts for more than 60% of the job performance of staff in these positions (Hunter, Schmidt, & Judiesch, 1990; Goleman, 1998).

Retaining Key Staff

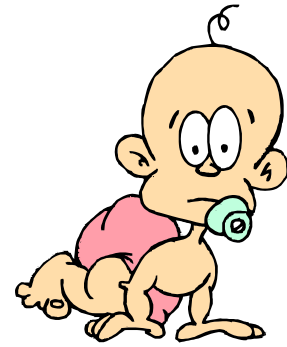
⌘ **International Equipment Manufacturer** found that emotional intelligence explained more than 60% of the job performance of top talent. Managers who scored low on the Emotional Intelligence Appraisal™ under performed by more than 15% (Bradberry, 2002).

⌘ **Across Cultures** executives selected for emotional intelligence are more likely to succeed than those chosen for IQ or job experience. In Latin America, Germany and Japan, 74% of top performers were high in EQ while only 24% of low performers were high in EQ (Cherniss, 2003).

⌘ **A Worldwide Study** found that Executives selected for emotional intelligence are more likely to succeed than those chosen for IQ or job experience. In Latin America, Germany and Japan, 74% of top performers were high in EQ while only 24% of low performers were high in EQ (Cherniss, 2003).

II. RECENT ARTICLES ON EMOTIONAL INTELLIGENCE

Summary review of the July 2003 cover article, "Natural Born Sellers" - Sales and Marketing Manager magazine



Born to Sell?

Are great salespeople made or born?

Both. In the cover article of the July issue of Sales and Marketing Manager Magazine, Julia Chang tackles a thought provoking quandary. What is the relationship between emotional intelligence and sales force effectiveness? Most sales executives are uncertain. Less than half of the Sales and Marketing Manager readers surveyed had implemented an emotional intelligence skills development program in their organization.

The Perfect Salesperson Myth

It seems that the perfect salesperson comes in many form. Greg Strakosch sums it up nicely when he says, "There's not one right or wrong way; you either get the results or you don't. The five most successful salespeople I know all have different styles."

A common held misconception was that a salesperson had to be aggressive and inappropriately persuasive to meet or beat his or her targets. A Scottsdale based sales coach reminisced on his tactics as a salesman during that time with the following "By the tenth call, I was screaming and ranting and raving, and I sold nothing. I didn't care what people were saying; they laughed, yelled, and swore at me. I thought, 'How much worse could it get?'"

Sales executives who implement emotional intelligence programs quickly become converts, when they see the bottom line impact of this skill. A combination of practice and analysis worked for Sebastian Dijmarescu, e-commerce marketing manager for iambic, a Sunnyvale, California-based provider of handheld software, when he was a sales manager for Coca-Cola about five years ago. "I wanted my salespeople to understand what the customer wanted, and to think about long-term versus short-term

The Business Case For Emotional Intelligence

goals – not just make a one-time deal," Dijmarescu says. "That was what I had the hardest time educating salespeople in."

Sebastian implemented annual emotional intelligence training with his reps that included three- or four-day sessions dedicated to listening skills, analytical skills, empathy, and communication. The interactive training included videotaped scenarios and an analysis of how the encounter could have gone better, as well as team role-playing followed by critiques from fellow salespeople. Dijmarescu calls the sessions "an excellent learning experience."

Soft Skills Training

If your team is embarking on this type of soft-skills training for the first time, however, your reps should be prepared for sessions that are more personal than they are used to – especially if the training involves peer assessment. Travis Bradberry, managing partner of TalentSmart, a San Diego-based firm that provides employee emotional intelligence appraisals, says the most thorough assessments are those in which coworkers or subordinates rate each other, because a peer review can bring up issues many people aren't aware of. The company's Multi-Rater assessment enables employees to rate their colleagues online in the four skills from Daniel Goleman's benchmark model of emotional intelligence; self-awareness, self-management, social awareness, and relationship management. For example, the survey would ask the rater whether a subject raises her voice when upset, or whether she brushes people off when something is bothering her. Feedback on what employees are doing on a daily basis drives behavior change that improves sales and customer satisfaction.

Another TalentSmart assessment, the Emotional Intelligence Appraisal - Me Edition™ gives individuals the opportunity privately rate their EQ and complete e-learning to build new skills. TalentSmart also offers the only scientifically validated measure of Team emotional intelligence. This survey pushes group performance to new heights by tracking the behavior of the group as a whole and teaching them to make a change.

An EQ Case Study

Hallmark Communities, a homebuilder in San Diego, used TalentSmart's Multi-Rater program to help its eight-member executive team assess its management skills.

The Business Case For Emotional Intelligence

Executive Vice President Allison Britton says the results and evaluations initially surprised a lot of the team. "There was a huge difference in how some people perceived themselves versus the end results," Britton says. "Some went through shock, anger, or denial, and then reality, like, 'Maybe I better work on this'" she says.

After receiving the evaluations, Hallmark Communities executives went through a debriefing with TalentSmart staff, who reviewed the results and possible areas of improvement. Britton says executives discuss the results at monthly meetings to see if team members are working on improvement, and may even look into executive coaching if they feel it's needed. "The assessments brought up awareness," Britton says. "Even for me, though the discrepancies were small, I could still see some areas where I could improve."

Overcoming Resistance

In fact, the greatest need for emotional intelligence is probably within the management ranks, where leadership skills, self-awareness, and sensitivity to others are required daily. Surprisingly, though, emotional intelligence training could meet more resistance higher on the corporate ladder. One of Bradberry's executive coaching clients, a senior sales executive, has proven to be a reluctant student. Bradberry describes the man as a "high performer, very technically skilled," but he is receiving coaching at the CEO's request, who noticed one too many direct reports leaving his office crying. Initially, the manager had no gauge of his abrasive manner with employees. "He would tell me, 'Everyone is so sensitive. I'm trying to talk about work, but they start crying,'" Bradberry says.

So he started to weave emotional intelligence into the coaching sessions by asking the executive questions like, "Did you notice anything about her before she started crying?" And now he says, "Yeah, she looked uncomfortable, she did have a weird look on her face," – a sign he's starting to pick up on his employees' emotional signals.

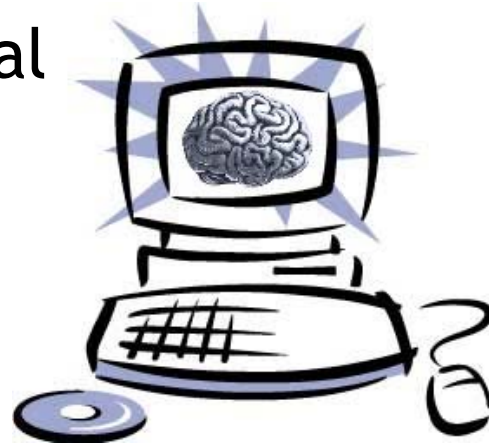
Still think this type of training can't turn ordinary reps into top sellers? One thing is undeniable: the business impact of emotionally intelligent sales reps. The Consortium for Research on Emotional Intelligence in Organizations presents numerous studies to demonstrate the return on investment of emotional intelligence, but perhaps the most

The Business Case For Emotional Intelligence

well-known came from Johnson & Johnson. In the late 1990s the company's Consumer and Personal Care division had its 358 managers rated by peers and reports. The highest-performing managers were those with the highest scores, prompting Johnson & Johnson to initiate more emotional intelligence educational and development programs.

Can You Develop Emotional Intelligence Online?

By
Travis Bradberry, Ph.D.
And
Jean Greaves, Ph.D.



Let's face it; emotional intelligence (EQ) is difficult to pin down. EQ is a fluid, social ability that explains how an individual recognizes, understands and manages emotions personally and with others. Decades of research show that EQ predicts success on the job over any other skill, including IQ and technical expertise. For leadership positions, EQ accounts for nearly 80% of job performance.

Now for the hard part: Is it an option to develop soft skills such as EQ using high tech methods? Improvements in survey and training technology during the last decade beg the question, "Can my employees boost their EQ online?"

The short answer is an emphatic, "Yes!" However, the answer to this question comes with the caveat that it may be a bit 'out of the box' from your typical training solution. Not surprisingly, simulations and virtual activities are not the answer.

So how *do* you improve a flexible, social skill like emotional intelligence virtually?

E-learning programs and internet-based surveys are the future of employee development that is here today. Using these methods, it is easy to deliver the same content to all employees quickly, at the same time and in the same way. Using adult learning principles to change behavior in a virtual environment is not easy. It's also tough to climb Mount Everest, but your Sherpa knows this and understands how to help you along the way. E-

The Business Case For Emotional Intelligence

learning providers have been slow to address the inherent difficulty in building emotional intelligence skills in a virtual environment, but this is about to change.

Measure It First

Learning becomes 'real' for people when it begins where they are now; their current EQ skill level. An e-learning program must incorporate a reliable measure of employee emotional intelligence through a valid survey.

Teaching content around a new skill is important, but only the beginning of the development process. Content must reference the employee's on the job behavior and a good survey will do this. The results of this assessment (current EQ skill level) enable the online training vehicle to take the next critical step in the learning process, making it relevant and personal to the learner.

Make It Personal

Believe it or not, an online environment is the perfect place to make it personal. As long as the participant has a real measure of their behavior on the job, they can take what they learn and apply it to their situation.

The key to changing any behavior is to "own it" and take full responsibility for what you say and do. Sitting privately in front of a computer is a great place for employees to think through how they use emotions at work. Here the learner has the space to absorb the information, reflect on its worth and discover that emotional intelligence skills are measurable and visible.

Training sessions and closed-door feedback meetings with coaches take longer to achieve the same objective. In these learning environments, the trainer or coach must take time to create safety for the learner. This stranger, even if skilled and professional, must overcome the learner's concern about being judged by someone they just met. Online, the results are solely about the learner and for the learner.

The second part of making it personal is telling the learner what to do now. Specific action steps must be readily accessible based on the results. Employees don't have the time to figure out what to do next and shouldn't have to go searching. Virtual

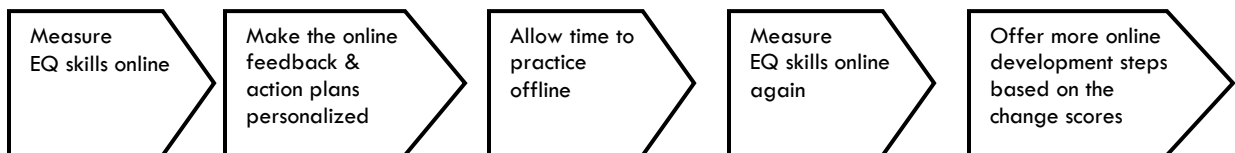
The Business Case For Emotional Intelligence

development modules can now offer branching methods to provide the learner with the best action steps for them. Adult learners no longer have to be forced through pages of content that don't apply. Instead, they only use the information most relevant to them. This cannot be said for group training sessions.

Follow Up!

E-learning platforms offer one more critical step in the online learning process. After a period of practice and development time, learners can return to their virtual development program and measure their EQ skills again. Their results can be compared with their first EQ skill scores to produce an EQ change score. Here is where online EQ development programs offer personalized follow-through. Change scores measure progress and offer new suggestions for practicing EQ skills in the future.

The process for developing emotional intelligence online:



About the authors:

Dr. Travis Bradberry and Dr. Jean Greaves are co-authors of the Emotional Intelligence Appraisal™, an EQ survey suite for individuals and teams. Jean and Travis are also the co-creators of EQSight™ a complete, real-time system for measuring and developing emotional intelligence. Correspondence regarding this article can be sent to EQSight@TalentSmart.com

III. OVERVIEW OF THE EMOTIONAL INTELLIGENCE APPRAISAL™

The Emotional Intelligence Appraisal™ combines surveys and learning in one system that measures and boosts employee EQ. Based on Daniel Goleman's benchmark model of EQ, the survey scores results in "real time" and takes employees of all levels through a customized e-Learning program based upon their unique profiles.

◆ Speed

- The 28 questions of the EI Appraisal take just 7 minutes to complete.
- e-Learning program is created immediately when survey is complete and is based upon the employee's EQ profile. Learning stays open for 12 months, with content updated regularly.

◆ Validity (covered in detail in Section IV)

- Scores on the Emotional Intelligence Appraisal™ alone explain more than 50% of an employee's job performance.
- Scores on the Emotional Intelligence Appraisal™ predict job performance over any other leadership skill.

◆ Value

- Three versions available to measure:
 - Self-report individual EQ
 - Multi-rater (peer feedback) individual EQ
 - Team EQ (only such survey in existence)
- Online edition of each survey includes a complete e-Learning program in emotional intelligence at no extra charge.
- Surveys also available in self-scoring booklet format with complete learning and action plans.
- No certification required to administer the surveys.
- The survey is currently available in English, Spanish, Traditional and Simplified Chinese, and Korean.

The Business Case For Emotional Intelligence

How the Emotional Intelligence Appraisal Works:

1. It covers the four core EQ skills from Dan Goleman's model in 7 minutes through straightforward behavioral impact questions.
2. The Emotional Intelligence Appraisal™ is available in the following editions:
 - a. **Me Edition™ (Me Edition)** is a cost-effective, self-report version that is great for trainings or for comparison to ratings received from others through the MR Edition™. The Me Edition™ is a valid measure of EQ that predicts job performance and is based upon a normative sample.
 - b. **MR EDITION™ (Multi-Rater Edition)** uses an on-line multi-rater method (other people rating you) because the best measure of your EQ comes from those who see you in action. The number of respondents is unlimited and include peers, subordinates, supervisors and others (such as customers). Although, no more than 10 responses are required to yield the soundest results.
 - c. **Team EQ Edition™** gives an EQ score for the entire team. Team members rate what they see happening and a summary report combines and delivers the results. Action Plan tells team members where they need to improve and what they can do to boost team EQ. Available on-line or in self-scoring hard copy.
3. The questions are structured using a 6-point frequency scale containing TalentSmart's proprietary surveying method, Behavioral Impact Statements™.
4. The results are provided in a grouped average to ensure anonymity for those invited to take the survey.
5. Open-ended comments are included to provide richness and depth to results.
6. Results come in a format that looks and reads like a good book. The format is so intuitive and easy-to-follow that anyone can use it without the help of a coach or consultant.
7. The results deliver an Overall EQ Score and scores for each of the four Emotional Intelligence Skills. Scores are based on the perceptions of those invited to take the survey.

The Business Case For Emotional Intelligence

8. Scores are based on a normative sample. That means you know how you fare when compared to the general population.
9. Action plans are targeted to your individual EQ profile so that you only work on what is important to you.

Costs

Me Edition™ (online or hard copy)	\$29.95
Multi-Rater Edition™ (online only)	\$129.95 - unlimited responses
Team EQ Edition™ (hard copy)	\$29.95 - one per team member
Team EQ Edition™ (online)	\$129.95 - one per team
Addition hard copies of online reports	\$29.95

** Discounts available in quantities of 1,000 or more.*

IV. RESEARCH AND DEVELOPMENT

The Emotional Intelligence Appraisal™ was released to the public after a two-year design and validation process. The survey is tested for validity worldwide in numerous organizations of varying sizes and industries and continues to be researched on an ongoing basis.

Normative Sample:

- ∴ Tens of thousands of responses (and growing) from individual contributors and knowledge workers through senior executives.
- ∴ Cross-section of industries including telecommunications, retail, manufacturing and public sector.
- ∴ Scores in the database are normally distributed yielding a diverse representation of the sample population.

Statistical Validity:

- ∴ Reliabilities for the four components of Goleman's EQ model, measured through the EI Appraisal, yield coefficient alpha's ranging from .79 to .90.
- ∴ The skills measured by the EI Appraisal are a highly significant indicator of on-the-job performance. The EQ score explains more than 50% of job performance for leadership positions. Regressions to job performance are significant at $p < .001$.
- ∴ Scores on the EI Appraisal are a better indicator of job performance than traditional leadership skills such as strategic thinking, decision-making, results focus and character.
- ∴ Exploratory factor analyses suggest the EI Appraisal's 4-part measurement of Daniel Goleman's model is the best way to split the 28 items in the survey. This provides confirmatory evidence as to the validity of the survey's structure. The four parts of Daniel Goleman's EQ model:
 - Self-Awareness
 - Self-Management
 - Social Awareness
 - Relationship Management