



# **THE BUSINESS CASE FOR EMOTIONAL INTELLIGENCE (EQ)**

2005 UPDATED EDITION

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# The Business Case For Emotional Intelligence

## I. THE MARRIAGE OF EQ AND BUSINESS

### ‡ The value of emotional intelligence (EQ) in perspective:

"A leader's intelligence has to have a strong emotional component. He has to have high levels of self-awareness, maturity and self-control. She must be able to withstand the heat, handle setbacks and when those lucky moments arise, enjoy success with equal parts of joy and humility. 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."

**JACK WELCH, CHAIRMAN OF GENERAL ELECTRIC  
SPEAKING TO THE WALL STREET JOURNAL**

"Research shows convincingly that EQ is more important than IQ in almost every role and many times more important in leadership roles. This finding is accentuated as we move from the control philosophy of the industrial age to an empowering release philosophy of the knowledge worker age."

**DR. STEPHEN COVEY, AUTHOR OF THE 7 HABITS OF HIGHLY EFFECTIVE PEOPLE**

"In the fields I have studied, emotional intelligence is much more powerful than IQ in determining who emerges as a leader. IQ is a threshold competence. You need it, but it doesn't make you a star. Emotional Intelligence can."

**WARREN BENNIS, RENOWNED LEADERSHIP PIONEER, AUTHOR AND RESEARCHER**

### ‡ EQ is a driving force in the \$40 billion training and development industry.

- ‡ The 1998 *Harvard Business Review* article on emotional intelligence is their most popular piece of *all time*. Subsequent articles in *HBR* focused on:
  - Emotionally intelligent teams.
  - Emotionally intelligent organizations.
  - Leaders who drive organization performance through EQ.
- ‡ TalentSmart® studies show the link between EQ and job performance:
  - EQ alone explains 58% of a leader's job performance.
  - 90% of top performers are high in EQ.
  - Just 20% of low performers are high in EQ.
- ‡ EQ is linked to job performance for employees at all levels, in virtually every industry.

## The Business Case For Emotional Intelligence

⌘ **Your emotional intelligence is a product of Personal Competence and Social Competence. These qualities divide into four unique skills:**

<b>PERSONAL COMPETENCE</b>	<b>Self- Awareness</b>	<b>Self- Management</b>
<b>SOCIAL COMPETENCE</b>	<b>Social Awareness</b>	<b>Relationship Management</b>

**Personal Competence** is the collective power of your self-awareness and self-management skills. It's how you use emotional intelligence in situations that are more about you privately.

- ⌘ **Self-Awareness.** Can I accurately identify my own emotions and tendencies as they happen?
- ⌘ **Self-Management:** Can I manage my emotions and behavior to a positive outcome?

**Social Competence** is the combination of your social awareness and relationship management skills. It's more about how you are with other people.

- ⌘ **Social Awareness:** Can I accurately identify your emotions and tendencies as I interact with you?
- ⌘ **Relationship Management:** Can I manage the interaction I have with others constructively and to a positive outcome?

## II. EMOTIONAL INTELLIGENCE CASE STUDIES

### Building a Powerful Sales Force

⌘ **Hallmark Communities** sales staff who developed emotional intelligence were 25% more productive than their low EQ counterparts and EQ was more important to executive job performance than character, strategic thinking, and focus on results. TalentSmart's EQ Learning™ program raised individual and team EQ for the low and high EQ groups to improve group cohesion and job performance (Bradberry, 2003).

⌘ **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

⌘ **AT&T** participated in a large, cross-industry study that found in all levels of management (from line supervisors to senior executives) increased emotional intelligence, measured through the Emotional Intelligence Appraisal™, accounted for 20% more productivity than low EQ leaders. Ninety-one percent of top performers were high in EQ, while only 26% of low performers were high in EQ. Emotional intelligence explained nearly 60% of job performance across companies in the study (Bradberry, 2002).

⌘ **An International Soft Drink Corporation** 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).

⌘ **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. EQ accounts for more than 60% of the job performance for these positions (Hunter, Schmidt, & Judiesch, 1990; Goleman, 1998).

### Selecting Top Talent

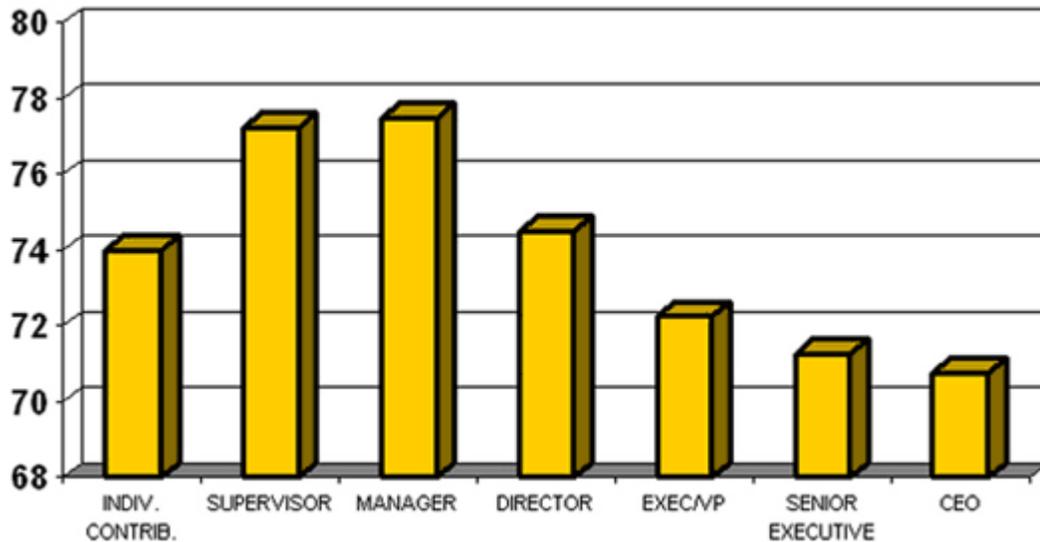
⌘ **US Air Force** reduced recruiter turnover from 35% annually to 5% annually by selecting candidates high in emotional intelligence. Total cost savings of \$3 million per year on a \$10,000 investment (GAO Archive).

⌘ **L'Oréal** 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 (Cherniss, 2003).

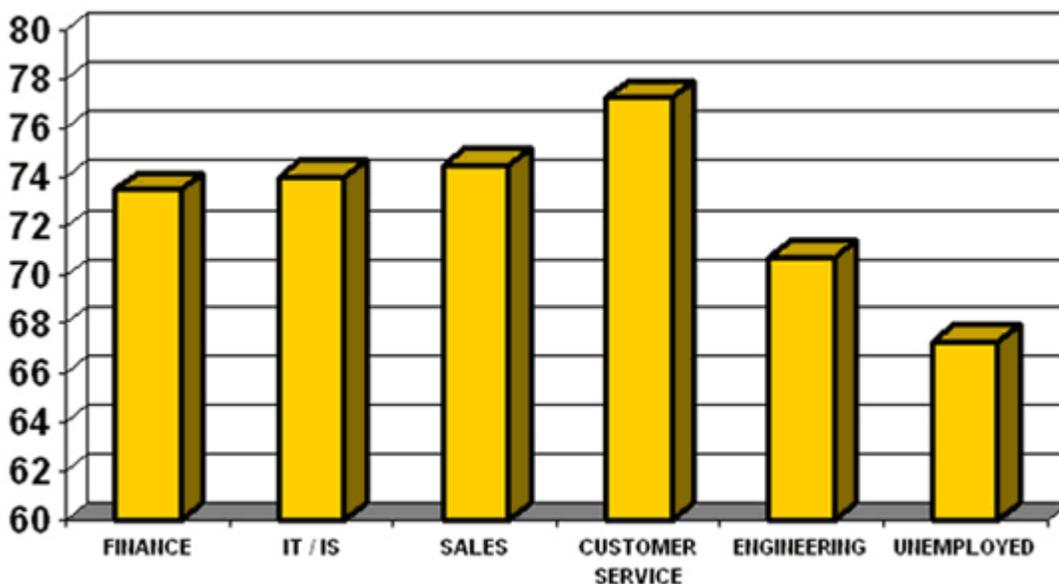
## The Business Case For Emotional Intelligence

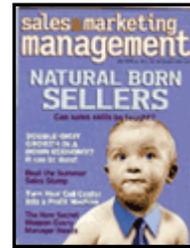
### EQ is needed in more areas of your organization than you think:

The *Emotional Intelligence Quick Book* (Simon and Schuster, 2005) reviews a study analyzing the emotional intelligence scores of hundreds of thousands of individuals who tested their EQ with the Emotional Intelligence Appraisal™. EQ scores dropped sharply for individuals holding titles of Director and above.



EQ scores for individuals holding positions traditionally considered to be “low EQ jobs” did not live up to the stereotype. Differences in EQ scores between individuals in sales, finance, and information technology were insignificant. Only engineering positions and the unemployed were definitively lower in EQ. Customer service, HR, business development and R&D positions were highest in EQ.





### III. RECENT ARTICLES ON EMOTIONAL INTELLIGENCE

# Born to Sell?

Summary of cover article, "Natural Born Sellers"  
sales and marketing management magazine

## 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 forms. 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.

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 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. 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

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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. 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.'"

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. 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 Bradberry 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. Perhaps the most well-known came from a study conducted by Cavallo and Brienza at Johnson & Johnson. In the late 1990s the highest-performing managers were those with the highest EQ scores, prompting Johnson & Johnson to initiate more emotional intelligence educational and development programs.

# Can You Develop Emotional Intelligence Online?



Article from e-learning magazine

By

Travis Bradberry, Ph.D.

&

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-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.

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## 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.

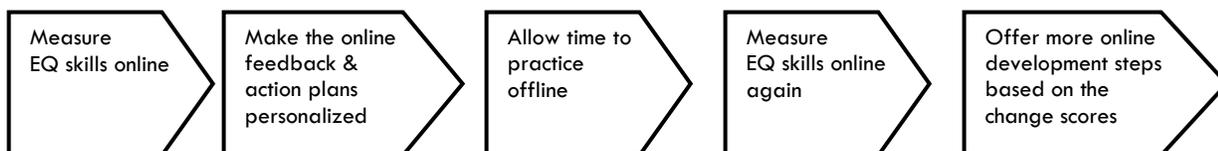
Training sessions and closed-door feedback meetings with coaches take longer to achieve the same objective. In these learning environments, the trainer or coach must take time to create safety for the learner. This stranger, even if skilled and professional, must overcome the learner’s concern about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

**Drs. Travis Bradberry and Jean Greaves** are authors of best selling assessments that bring important skills to life. They are best known for the Emotional Intelligence Appraisal™-- a suite of EQ assessments for individuals and teams that combine real-time assessment in Daniel Goleman’s model with dynamic e-Learning. They are also the co-authors of the Preferred Leader Assessment™ with Ken Blanchard and *The Emotional Intelligence Quick Book*.



**Dr. Jean Greaves**

is the CEO of TalentSmart®, a corporation specializing in building new employee skills for bottom line impact.

She is the co-author of the Emotional Intelligence Appraisal™ for individuals and teams, and the Emotional Intelligence Quick Book.

For more information visit [TalentSmart.com](http://TalentSmart.com)

If you want high performing teams, you need to create a lasting ethic where team players thrive, insists Dr. Jean Greaves.

## You can't just "build" a team

**T**eam building is a perfectly descriptive term for a generally inept process. Cruising through my second decade of intimate exposure to this rampant activity, I fail to find much real change taking place. Simply put, you don't storm in and 'construct' an effective team like a contractor does the local Wal-Mart or Sainsbury's.

A team and its work are directly influenced by the emotions of team members over time and across situations. You cannot expect a paint-balling session or weekend cruise to make a lasting impact on group performance.

Effective teams are built one day at a time, with a concerted effort to create group cohesion and collective performance. Research shows, one of the best ways to accomplish this challenge is through team emotional intelligence (EQ). EQ is a person's ability to recognize, understand and manage emotions effectively.

Team EQ is a group's skill at perceiving emotions and managing them effectively for the benefit of team performance. This concept was first introduced in 2001 in the *Harvard Business Review*.

Each team accepts different standards for behavior, which become the Team EQ. Team EQ is measurable, and is improved through skill development and action planning.

Research shows that teams who enhance emotional intelligence improve performance. Team EQ is based on four critical skills.

**Emotional Awareness:** The team's ability to accurately identify the emotions in the group and understand each member's general tendencies for responding to situations.

**Emotion Management:** The team's ability to respond to each other constructively in emotionally uncomfortable situations and influence emotions in productive ways.

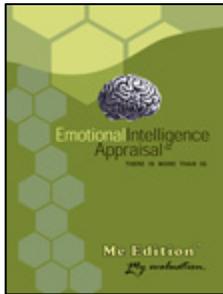
**Internal Relationship Management:** Team members' skill at forming effective working relationships within the group.

**External Relationship management:** The team representing itself well across organization boundaries.

Only when you accurately measure the tendencies of a group as a whole can you hope to have them manage these tendencies effectively. This identification helps the group to venture forward in a collective pursuit of improved relationships and realized ambitions.

## The Business Case For Emotional Intelligence

### IV. OVERVIEW OF THE EMOTIONAL INTELLIGENCE APPRAISAL™



The Emotional Intelligence Appraisal™ combines surveys and dynamic online 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 through a customized e-Learning program based upon their unique profiles.

#### ⌘ Speed

- The 28 questions take just 7 minutes to complete.
- e-Learning program is created immediately when survey is complete and is based upon the user's unique EQ profile.
- e-Learning teaches EQ with clips from Hollywood films, television and historical events, as well as a virtual coach and our proprietary Goal Tracking System™.

#### ⌘ Validity

- A six-figure normative sample with responses from virtually every industry, job type and title.
- Scores alone explain 58% of a leader's job performance. Regressions to job performance are significant at  $p < .001$ .
- Reliabilities for the four components of Goleman's EQ model, measured through the EI Appraisal, yield coefficient alpha's ranging from .79 to .90.
- For additional information see Appendix A: Technical Report on The Emotional Intelligence Appraisal™ in *The Emotional Intelligence Quick Book* (Simon and Schuster, 2005).

#### ⌘ Value

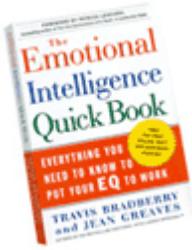
- Three versions available:
  - Me Edition™ self-assessment = \$29.95 (online or booklet format)
  - Multi-Rater Edition™ = \$129.95 (360° feedback online)
  - Team EQ Edition™ = \$199.95 (tests the entire team online)
- No certification required to administer the surveys.
- Me Edition™ available in English, Spanish, Traditional and Simplified Chinese and Korean.
- Quantity discounts available.

# The Business Case For Emotional Intelligence

## EQ PRODUCTS & SERVICES

### PRODUCTS

TalentSmart® is the leader in emotional intelligence tests, products and training.



#### **The Emotional Intelligence Quick Book**

A quick and complete guide to the world of emotional intelligence. Learn what it is, how to measure it, and how to improve it as an individual and as a team. Includes a free code to try the Emotional Intelligence Appraisal™ online.



#### **Emotional Intelligence PowerPoint®**

Access a highly-professional, complete, and intuitive 25-slide presentation on emotional intelligence. Best of all, you can play Hollywood movies, television, and historical events within your presentation on any computer to bring emotional intelligence to life for your audience.



#### **BRAINS!**

Emotional intelligence is best learned through action. This dynamic training video uses Hollywood movies, television and historical events to bring EQ to life. No more boring training videos!



#### **Emotional Intelligence Interviewing Guide**

Eighty percent of successful hires have one thing in common: a high EQ. Walks hiring managers and HR staff through interviewing and choosing candidates high in emotional intelligence.

### SERVICES



#### **Emotional Intelligence Keynotes**

The business case for emotional intelligence is strong. Have the authors deliver a dynamic presentation in your organization that will surely motivate action. Call 888.818.SMART extension 107 for availability and information.



#### **Emotional Intelligence Training Program and Training Certification**

Have your company take part in the most dynamic and engaging emotional intelligence training program available. TalentSmart® trainers teach EQ through assessment, interactive exercises and Hollywood movies and television that illustrate EQ in action. Or, get certified to deliver our program yourself. The complete certification schedule is available at [www.talentsmart.com/eqcert](http://www.talentsmart.com/eqcert)

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## ABOUT TALENTSMART®

TalentSmart®, Inc. contributes to your organization's efforts to make positive and effective business and workforce changes. We are behavioral scientists by training but entrepreneurial, customer-service-oriented professionals who take responsibility for our commitments and pride in our work.

Client industries include high tech, manufacturing, finance, entertainment, health care, education, fast food, pharmaceuticals, retail, aerospace, and non-profit. Some of the clients who have benefited from the expertise of TalentSmart® consultants and technology are Goldman Sachs, LG Infocomm, Kroger, Nestle, AT&T, Reuters International, Hollywood Entertainment, Jack-In-The-Box, MTV Networks, Nestle, Fortune Brands, and Louisiana Pacific Corporation.

## TRAINING AND DEVELOPMENT INDUSTRY RECOGNITION

TalentSmart® has strategic alliances with the following leaders in the industry:

- ✦ **The American Management Association** – Uses TalentSmart’s Emotional Intelligence Appraisal™, co-authored by Dr. Travis Bradberry and Dr. Jean Greaves, in their most popular program on executive leadership.
- ✦ **The Ken Blanchard Companies** – Uses TalentSmart®’s Learning methodology in their *Preferred Leader Assessment™* co-authored by Ken Blanchard, Dr. Travis Bradberry, and Dr. Jean Greaves of TalentSmart®.
- ✦ **Marshall Goldsmith Partners** - Marshall Goldsmith is rated a “Top 10” executive coach by the Wall Street Journal and Forbes. His company is a leading authority on helping successful leaders achieve positive change and their coaches rely on the *Emotional Intelligence Appraisal™* and TalentSmart®’s EQ Learning training program in their work.

## TALENTSMART®, INC. SERVICES

Our products and services assist our clients with the successful implementation of:

- Leadership development programs, presentations, and executive coaching
- Organization, leadership and employee assessment initiatives.
- Strategic staffing, workforce transitions and planning
- Training design and delivery

## Registered office address:

TalentSmart, Inc.  
11526 Sorrento Valley Road  
San Diego, CA 92121

888.818.SMART (TOLL FREE)

