THE BUSINESS CASE FOR EMOTIONAL INTELLIGENCE (EQ)  
2009 UPDATE

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

**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 personally.

- **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).

- **A 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).

- **Coca-Cola** 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).

Selecting Top Talent

- **The 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’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 (Cherniss, 2003).
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

By Martha Brant  
Newsweek

June 14 - Psychologists Travis Bradberry and Jean Greaves designed a test that assesses the four pillars of EQ: self-awareness, self-management, social awareness and relationship management. "Emotional Intelligence Appraisal" was published in 2003, and more than 500,000 people have taken the assessment so far. The pair has used it to teach Fortune 500 companies, governments and even a few royal families how to fix management dysfunction. Now they are making their findings—and the test itself—available to anyone in their new book, "The Emotional Intelligence Quick Book: Everything You Need to Know to Put Your EQ to Work." When they say quick, they mean it. The test only takes about seven minutes, and the book is a fast read with compelling anecdotes and good context in which to understand—and improve—your score.

Bradberry recently spoke with NEWSWEEK’s Martha Brant. Excerpts:

NEWSWEEK: How much can people really change their EQ?  
Travis Bradberry: Well, there was an interesting study done at Case Western Reserve [University]. They took M.B.A. students through emotional-intelligence training—not a usual part of M.B.A. training. They tracked students over many years. Even many years after graduating from the program some participants had raised their scores 40 percent. They had trained their brains. Practice doesn’t make perfect but practice makes things habitual.

Unlike IQ, which is a fixed number, EQ is malleable. So why put a number on it at all? People want it. The only way to get people to do anything is by showing them exactly where they are—especially if they are going to work on their EQ.

That brings up a very interesting fact in your book: CEOs as a group have very low EQ scores. So are people more successful if they don’t play well with others? Within each profession, the best performers have the highest EQs. Even the best CEOs have the highest EQs. But CEOs are often promoted for being good financial managers, not good people managers.

Do you think that will change? The demand right now for emotional intelligence in business is huge. They will just get better executives by making high EQ more of the norm.
The Business Case For Emotional Intelligence

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In My Opinion

China's Secret Weapon

Travis Bradberry, 11.14.05, 12:00 PM ET

NEW YORK - "Made in China" doesn't mean what it used to. Manual labor from the country's 1.3 billion citizens was long considered its sole competitive advantage in the global economy. While American business has turned a blind eye, the country's burgeoning skilled workforce now stands as its biggest competitive threat. How did this happen?

Too much Wal-Mart (nyse: WMT - news - people).

Americans love to fritter on their largest (in terms of sales) company, and, when it comes to Wal-Mart and China, their focus is stuck on the cheap labor that brings $25 billion annually in Chinese goods. Today, Chinese business is powered by the leadership required to take hold of sectors like finance, telecommunications and computing. Surprised?

You shouldn't be. A year has already passed since Lenovo acquired IBM's (nyse: IBM - news - people) personal computing division, and today U.S. investors are scrambling to get in on the biggest initial public offer of 2005, a Chinese bank with $521 billion in assets. This IPO marks the first major Chinese financial institution to offer shares overseas, and, despite its tremendous size, it's only the third-largest bank in China. The sleeping giant is stirring.

What are business leaders in China doing that Americans aren't? A great question and one that TalentSmart researchers grew tired of asking each other. So, they spent the summer measuring the leadership skills of 3,000 top Chinese executives from the public and private sectors. The executives completed the Chinese translation of the American EQ test, the Emotional Intelligence Appraisal. The researchers compared the Chinese executive's scores, to those from a matching sample in the U.S.
The Business Case For Emotional Intelligence

Emotional intelligence, or EQ, has been the subject of a flood of research during the last decade. It's the single-biggest predictor of a leader’s success, regardless of industry. EQ is that "something" that is a bit intangible in each of us. It gives a succinct name to how we manage behavior, navigate social complexities and make decisions that achieve positive results. And today, it can be measured.

The TalentSmart study revealed American executives lag far behind the Chinese in the two, most critical EQ skills: self-management and relationship management. In a nutshell, these skills amount to a key ingredient in China’s economic success and a serious threat to America’s ability to compete in the global marketplace: discipline.

American executives average 15 points lower than the Chinese in the EQ skills that have the strongest ties to job performance. Scores in self-and relationship management capture an executive’s ability to use emotions to his/her benefit in managing time, making sound decisions and relating to others. It appears that Chinese executives use these skills to their benefit at work—and in business, actions speak louder than words.

What is it, specifically, that Chinese executives are doing that Americans aren’t? They are living the qualities that American executives only pay lip service to. The typical American leader is not willing to expend much energy in seeking feedback, getting to know his or her peers and following through on commitments for the sake of others. Making business personal is nothing new in China. Executives ordinarily schedule dinner meetings with their staff to talk about business trends, career aspirations and family. People expect their leaders to set an example in how they make decisions, connect with others and improve. There is genuine shame in not fulfilling these duties because people really care about them—everyone knows it’s important.

What we aren’t doing naturally in America, we can only learn. To the credit of U.S. executives, their appetite for learning is strong, but the opportunity must be provided. A 1990 article covering leadership and EQ in the Harvard Business Review was the most popular read in the magazine’s 40-year history. HBR will run another piece on EQ in December—focusing this time on the precipitous decline in EQ scores for leaders holding director titles and above.

The most successful leaders maximize their EQ, for it is the one who employs a blend of reason and feeling who earns the greatest results. And unlike regular intelligence, or IQ, EQ is a flexible skill that can be developed. I’ll be honest, for most leaders increasing their EQ is not quite as much fun as reading The Da Vinci Code, but they learn something that is easily applied each day toward reaching their professional goals.

Travis Bradberry, Ph.D., is co-author of the Emotional Intelligence Quick Book, which includes a free code to test your EQ online using The Emotional Intelligence Appraisal. He is the president and co-founder of TalentSmart, a provider of emotional intelligence tests and training.
The Business Case For Emotional Intelligence

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 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 the benchmark EQ 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.
The Business Case For Emotional Intelligence

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?

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.
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 the benchmark EQ model with dynamic e-Learning. They are also the co-authors of the Preferred Leader Assessment™ with Ken Blanchard, The Emotional Intelligence Quick Book and Emotional Intelligence 2.0 book.
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 the benchmark model of EQ, the survey scores result 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 a benchmark EQ model, measured through the EI Appraisal, yield coefficient alphas ranging from .79 to .90.
  - For additional information see Technical Report on The Emotional Intelligence Appraisal® from TalentSmart, Inc..

- **Value**
  - Three versions available:
    - Me Edition™ self-assessment = $39.95 (online or booklet format)
    - Multi-Rater Edition™ = $199.95 (360° feedback online)
    - Team EQ Edition™ = $199.95 (tests the entire team online)
  - No certification required to administer the surveys.
  - Quantity discounts available.
EQ PRODUCTS AND SERVICES
TalentSmart® is the leader in emotional intelligence tests, products, and training.

The Emotional Intelligence 2.0 Book

A book with a single purpose — increasing your EQ. The book also includes access to the new, enhanced online edition of the world’s most popular EQ test — the Emotional Intelligence Appraisal® — which pinpoints the strategies that will increase your EQ the most and tests your EQ a second time to measure your progress.

Emotional Intelligence PowerPoint® Program

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, and this dynamic training video delivers using Hollywood movies, television, and historical events to bring EQ to life. Includes leader’s guide, participant handouts, and everything you need to deliver a two- or four-hour emotional intelligence training session.

Emotional Intelligence Training Program and 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 own and deliver our program yourself. The complete certification schedule is available at www.talentsmart.com/eqcert
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 the Emotional Intelligence Appraisal® in several of their programs, including most popular program on executive leadership, and delivers TalentSmart emotional intelligence training curriculum to the public.

- The Ken Blanchard Companies – Uses TalentSmart®’s learning methodology in their Preferred Leader Assessment™, which is also co-authored by Ken Blanchard with TalentSmart®’s founders, Dr. Travis Bradberry, and Dr. Jean Greaves. The Ken Blanchard Companies is also a distributor of the entire suite of TalentSmart emotional intelligence tests and products.

- 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 Marshall and his coaches endorse and rely on TalentSmart®’s Emotional Intelligence Appraisal™ to measure and teach the EQ of executives.

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)