



THE BUSINESS CASE FOR EMOTIONAL INTELLIGENCE (EQ)

2009 UPDATE

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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

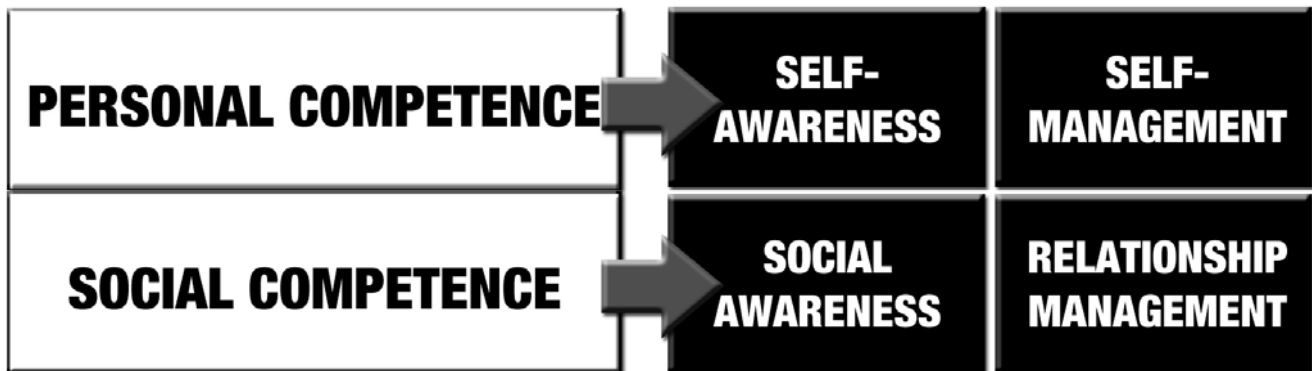
⌘ EQ is a driving force in the \$40 billion training and development industry.

- ⌘ 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.

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⌘ **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?

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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).

‡ **Fortune Brands** saw 100% of leaders who developed their EQ skills through classroom training, coaching, and online learning exceed the performance targets set for them in the company's metric-based performance management system. Just 28% of leaders who failed to develop their EQ skills exceeded their performance targets (Bradberry, 2005).

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).

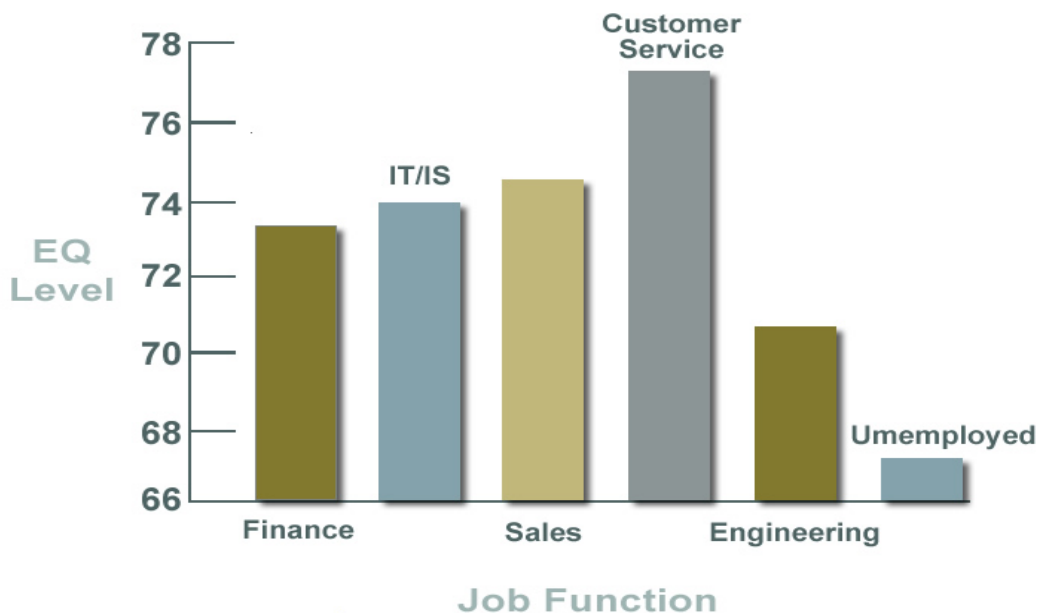
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EQ is needed in more areas of your organization than you think:

Emotional Intelligence 2.0 (TalentSmart, 2009) 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.



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III. RECENT ARTICLES ON EMOTIONAL INTELLIGENCE



By Dr. Travis Bradberry and Nick Tasler

Emotional Intelligence: Skills Worth Learning

A five-year rise in emotional intelligence in the workplace reversed course in 2008. Here's how to keep emotionally fit during hard times.

TalentSmart industrial psychologists have studied emotional intelligence (EQ)—a person's ability to understand and manage emotions—in the workplace for well over a decade. Back in 2003 we embarked on a mission to measure shifts in America's collective EQ. Each year since then, we have measured the EQ of tens of thousands of people. To our pleasant surprise, we discovered the collective EQ of the U.S. workforce climbed steadily from 2003 to 2007.

In much the same way as global temperature changes are most noticeable at the poles, so too are changes in collective emotional intelligence at the extremes. In the 2003-2007 time frame we saw the percentage of people who are highly attuned to their own emotions and to the emotions of others rise from 13.7% to 18.3%. During that same period, the percentage of people with a poor understanding of how anxiety, frustration, and anger influence their behavior dropped from 31% to 14%.

When you apply these proportions to the 180 million people in America's workforce, it means that 9 million more people in 2007 than in 2003 almost always kept their cool during heated conflicts, 9 million more people showed they cared about their co-workers and customers when they suffered hard times, and 25 million fewer people were painfully oblivious to the impact their behavior has on others.

Contagious Skill Set

What makes this discovery so special is that prior to having their emotional intelligence tested, very few, if any, of the people in our sample had ever received formal emotional intelligence training or emotional skills development. Yet average EQ scores still increased. It's as if emotional intelligence skills—much like emotions themselves—seem to be contagious. The more you interact with empathetic people, the more empathetic you become. The more time you spend with other people who openly discuss emotions, the more skilled you become at identifying and understanding emotions.

That's the good news.

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Unfortunately, the emotional contagion also has a flip side. In 2008, Americans' emotional intelligence began to slide for the first time since we began tracking it. There were 18.3% with high skills in emotional intelligence in 2007, and in 2008 there's only 16.7%. (We're still collecting information for 2009.)

That means we lost 2.8 million who could have been "infecting" others but are instead struggling to keep their own skills sharp. For most people, the mental duress subtly creeps into their system undetected. Before long, relationships are on the rocks, and they can't seem to function at work with as much vigor or efficiency as they need.

The signs are everywhere. According to the American Psychology Assn.'s survey of 1,791 adults last fall, the number of Americans experiencing irritability or anger jumped from 50% to 60% between 2007 and 2008. In 2008, 48% of people packed on an unhealthy amount of pounds, compared with 43% in 2007. And the number of people suffering sleepless nights rose from 48% to 52%. Clearly, rising tensions at work hitch a ride home at the end of the day. Emotions often remain fixed. Little by little that unrelenting work stress eats away the relationships and attitudes that buttress your quality of life.

The steady, five-year rise in EQ—and unexpected dip in 2008—show that emotional intelligence is a skill set that can be learned...and unlearned. Just as you can work hard to lose weight over the summer only to pack those pounds on again over the winter holidays, you can sharpen your EQ skills only to see them go dull again. And when you lose touch with—and eventually control over—your emotions, not only does job performance decline but your condition spreads to co-workers and employees (as well as people in your personal life). Keeping emotionally fit during hard times requires practice in two key areas:

Recognizing Your Emotions

Your body always responds to emotions physically even if you aren't consciously aware of them. So, take note of the physical signs that accompany a particular feeling. Do you sweat? Does your heart beat fast? Do you feel numb? Keep a close eye on these symptoms and then try to discover why you react the way you do. Ask yourself what is it about the person or situation that elicits this response.

Managing Your Emotions

In times like these, uncertainty about the future is the ultimate emotional saboteur. Will you lose your job? Will your company go under? Will you be able to pay your mortgage? The anticipation of disaster ends up taking a greater toll on your functioning than the actual occurrence of disaster. Lay your emotions to rest by preparing for change, instead of worrying about it. Set aside some time in your day for problem-solving and work on being flexible and adaptive in the face of change.

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Admit to yourself that you can't change reality, but you can control how you react to your new circumstances. Lastly, jot down a list of positive outcomes that still exist despite the uninvited changes that might happen. Use that list to keep motivated as you focus on achieving your goals.

Why Emotional Intelligence Matters

By **Martha Brant**

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, "Emotional Intelligence 2.0". 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.

So does biology explain why women generally score higher than men on EQ tests?

Environment matters a lot. Women score 12 points higher on relationship management. That's huge. Women are socialized to be nurturers. Men probably have a similar capability but are not taught to do it. That's why men and women score the same on self-awareness. So despite all the talk on Dr. Phil about men not understanding emotions, they do understand them, but they are not expected to do anything with them.

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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.

Is that what you'd like to accomplish with this book?

When EQ first became popular, we hoped it would become more than a fad. We think it's fundamental to how people think. I hope this book will give people a vehicle to think about things they don't usually think about.

Is that what you mean when you write about "leaning into your discomfort?"

Self-awareness is the No. 1 skill for improving your EQ. There are things that we aren't aware of for a reason; they are things that make us uncomfortable, and we don't want to change so we don't think about them.

You also write about how EQ can help people recover from illness. How?

It's not that emotional intelligence cures breast cancer, but stress does affect your health. There is a simple biological reason: when you get stressed out, your immune system shuts down. People get stressed out about their emotions. They feel bad. But people who have emotional mastery, when something extreme happens in their life, they are OK with it.

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Can You Develop Emotional Intelligence Online?

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



Article from e-learning magazine

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 60% 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

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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.

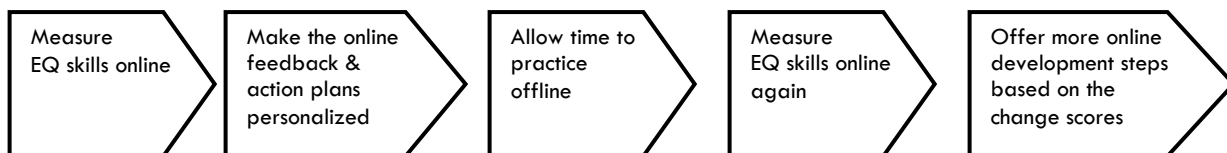
Training sessions and closed-door feedback meetings with coaches take longer to achieve the same objective. In these learning environments, the trainer or coach must take time to create safety for the learner. This stranger, even if skilled and professional, must overcome the learner’s concern about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

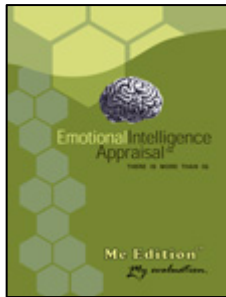
The process for developing emotional intelligence online:



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IV. OVERVIEW OF THE *EMOTIONAL INTELLIGENCE APPRAISAL*[®]



The *Emotional Intelligence Appraisal*[®] combines surveys and dynamic online learning in one system that measures and boosts your EQ. The survey scores results in “real time” and takes you through a customized e-Learning program based upon your unique profile.

⌘ 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 EQ, measured through the *Emotional Intelligence Appraisal*[®], yield coefficient alphas ranging from .79 to .90.

⌘ Value

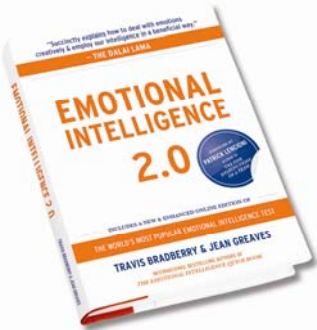
- Three versions available:
 - Me Edition[®] self-assessment = \$39.95 (online or booklet format)
 - Multi-Rater Edition[®] = \$199.95 (360° feedback online)
 - Team EQ Edition[®] = \$199.95 (tests the entire team online)
- No certification required to administer the surveys.
- Me Edition[®] available in 22 languages including English, Spanish, Traditional and Simplified Chinese and Korean.
- Quantity discounts available.

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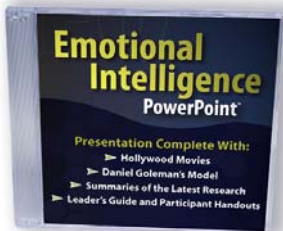
EQ PRODUCTS AND SERVICES

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



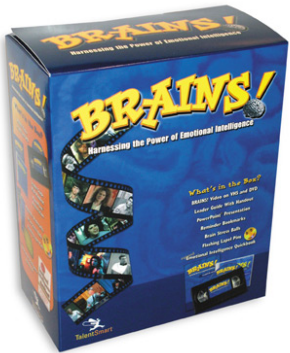
Emotional Intelligence 2.0

Our new book is loaded with 66 proven strategies to increase your EQ, and access to the new, online edition of the *Emotional Intelligence Appraisal*®, which pinpoints the strategies that will increase your EQ the most and tests you twice to measure your progress.



Emotional Intelligence PowerPoint® Program

A complete one-hour training featuring Hollywood movies that play right from your slides, a leader's guide, and reproducible participant handouts.



BRAINS!

Winner of the 27th Annual Telly® Awards for best non-broadcast film production, BRAINS! teaches your audience to harness the power of emotional intelligence. Includes leader materials, activities, and participant handouts for use as a two- or four-hour training.



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.

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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.

TalentSmart® works with more than 75% of Fortune 500 companies. Some of the clients who have benefited from the expertise of TalentSmart® consultants and the power of our products are Apple, BMW, Coca-Cola, Disney, eBay, ExxonMobil, Goldman Sachs, Harvard University, IBM, the IRS, Kroger, MTV Networks, Microsoft, Nestle, Nike, Proctor & Gamble, Sempra Energy, Stanford University, Starbucks, Toyota, the US Army, and Walmart.

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 their most popular program on executive leadership.
- ⌘ **The Ken Blanchard Companies** – The Ken Blanchard Companies are a distributor of the entire suite of TalentSmart® emotional intelligence tests and products. They also use TalentSmart® learning methodology in their *Preferred Leader Assessment*®, which was co-authored by Ken Blanchard with TalentSmart®'s founders, Dr. Travis Bradberry and Dr. Jean Greaves.
- ⌘ **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.

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