

THE 90% DIFFERENCE: RECOGNIZING AND DEVELOPING EMOTIONAL INTELLIGENCE, THE “ESSENCE” OF BUSINESS LEADERSHIP

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Daniel Goleman is a university professor and author.¹ In a 1998 Harvard Business Review article² he presented conclusions based upon his research into 188 companies. From this research he identified a factor which made 90% of the difference between star performers and average performers when it came to company leadership. He called this variable “emotional intelligence”. He concluded that emotional intelligence can be learned by those who seek to do so, and can be recognized by those who are looking for it. While the source of his inspiration are leaders at some of the world’s largest companies, his learning has even more application to leaders of owner managed businesses.

The 90% Difference

Mr. Goleman analysed competency models developed for 188 companies, most of which were large and global organizations. His objective was to determine which personal capabilities drove outstanding performance in those companies, and the extent that they did so. He grouped capabilities into three categories: (1) technical skills (e.g. accounting), (2) cognitive ability (e.g. analytical reasoning), and (3) emotional intelligence (e.g. ability to work with others). While all three are critical to leadership success, when he compared star performers with average performers at senior leadership positions in these companies he found that 90% of the difference in their profiles was attributable to emotional intelligence factors compared to cognitive abilities.

He also came to two other important conclusions: (1) there is a developing link between a company’s success and the emotional intelligence of its leaders, and (2) emotional intelligence can be developed, if people take the right approach.

The Five Components of Emotional Intelligence At Work

Mr. Goleman found five components in emotional intelligence in the workplace. The first three are self-management skills, and the last two relate to working with others:

1. **Self-Awareness** – the ability to recognize and understand your moods, emotions and drives, as well as their effect on others
2. **Self-Regulation** – the ability to control or redirect disruptive impulses and moods, and the propensity to suspend judgment to think before acting
3. **Motivation** – a passion to work for reasons that go beyond money or status, and a propensity to pursue goals with energy and persistence

4. **Empathy** – the ability to understand the emotional makeup of other people, and a skill in treating people according to their emotional reactions
5. **Social Skill** – proficiency in managing relationships and building networks, and an ability to find common ground and build rapport

Recognizing and Developing Emotional Intelligence

According to Mr. Goldman’s article emotional intelligence can be recognized and developed, in yourself and in others. A summary of the hallmarks of emotional intelligence are noted below, but are more fully developed in his article, especially how they synergize with each other:

Component	Definition	Hallmarks
Self-Awareness	the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	<ul style="list-style-type: none"> – self-confident – realistic at self-assessment – self-deprecating sense of humour – recognizes how their feelings affect themselves, other people and their job performance – knows where they are headed and why – understands their values and goals – able to speak accurately and openly about their emotions and the impact they have on their work – frank in admitting their failure, limitations and strengths – demonstrates a thirst for constructive criticism
Self-Regulation	<p>the ability to control or redirect disruptive impulses and moods</p> <p>the propensity to pursue goals with energy and persistence</p>	<ul style="list-style-type: none"> – trustworthiness and integrity – comfort with ambiguity – openness to change – finds ways to control their bad moods and emotional impulses and even channel them to useful ways – reasonable – able to create an environment of trust and fairness – a propensity for self-reflection and thoughtfulness – comfort with ambiguity and change – an ability to say no to impulsive urges – avoids displays of negative emotion
Motivation	<p>a passion to work for reasons that go beyond money or status</p> <p>a propensity to pursue goals with energy and persistence</p>	<ul style="list-style-type: none"> – strong drive to achieve beyond expectations, their own and everyone else’s – achieve for the sake of achieving – optimism, even in the face of failure – organizational commitment

Component	Definition	Hallmarks
		<ul style="list-style-type: none"> - a passion for the work itself - seeks out creative challenges - loves to learn - takes great pride in a job well done - an unflagging energy to do things better - restless with the status quo - eager to explore new approaches to their work - questioning of why things are done one way rather than another - likes to keep score, especially hard measures such as profitability or market share - constantly raising the performance bar
Empathy	<p>the ability to understand the emotional makeup of other people</p> <p>skill in treating people according to their emotional reactions</p>	<ul style="list-style-type: none"> - expertise in building and retaining talent - cross-cultural sensitivity - service to clients and customers
Social Skill	<p>proficiency in managing relationships and building networks</p> <p>an ability to find common ground and build rapport</p>	<ul style="list-style-type: none"> - effectiveness in leading change - persuasiveness - expertise in building and leading teams - wide circle of acquaintances - knack for finding common ground with people of all kinds - knack for building rapport - has a network in place when the time for action comes - adept at managing teams - good persuader, able to use appeals to emotion or reason and knowing which one to use when - forges and maintains connections with people in every corner of the organization

The role of each emotional intelligence characteristic in developing successful leadership, and their interaction with each other, is more completely set out in Mr. Goldman’s article than I can relate in this summary. However, it is not hard to see how these components would naturally result in more effective leadership, especially when combined with strong technical and cognitive abilities. After all, Mr. Goleman does not argue that emotional intelligence is more important than those other characteristics, but simply that emotional intelligence is a very important part of the “recipe” for success which is frequently underrated in the world of commerce.

A Closing Thought

Emotional intelligence may be even more significant in many owner managed environments, where the emphasis on independence and control which many owner managers hold dear to themselves conflicts with their own emotional intelligence and the emotional intelligence of their employees, partners or associates.

The good news is that these components can be recognized and developed in our associates, and even more importantly in ourselves. Along with hiring, improving, promoting and rewarding technical skills and cognitive abilities, we must add hiring, improving, promoting and rewarding emotional intelligence as a third and extremely significant way of improving our personal and business performance.

¹ His books include *Emotional Intelligence* (Bantam, 1995) and *Working With Emotional Intelligence* (Bantam, 1998).

² “What Makes a Leader?”, Harvard Business Review, November-December 1998, www.hbsp.harvard.edu, Product no. 3790.