



'Soft Skills' with a 'Hard Edge'

Emotional Intelligence and the Business Advantage

Presented
by
Sebastian Salicru

CPA Congress 2005, Perth WA



Objectives

This presentation addresses the following five questions about Emotional Intelligence (EI):

- 1. What is it?**
- 2. How the theory applies in real life**
- 3. How to identify business leaders through EI measures**
- 4. How to use EI measurers to drive performance**
- 5. How EI applies to the world of finance and business**



Popular domain issues

**Business Executives Rank
'Emotional Intelligence' More
Important Than Traditional
Leadership Attributes, Men And
Women Equal In Rating Their EI**



Emotional Intelligence: The New Measure Of Employees



Emotionally Intelligent Leadership Brings Success



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THE CPA IN INDUSTRY

June 2000

**EMOTIONAL INTELLIGENCE: SOME HAVE IT,
OTHERS CAN LEARN**

By John E. Smigla and Gail Pastoria



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THE CPA MANAGER

August 2001

The Benefits of Emotional Intelligence in Accounting Firms

***By David P. Kirch, Mary L. Tucker, and Christine
E. Kirch***



Institute of
CHARTERED ACCOUNTANTS
of New Zealand

Emotional Intelligence

Content Overview

Just another fad, or does Emotional Intelligence (EI) add significantly to your work performance?

As professional accountants, you use a combination of technical, conceptual (problem solving and strategic thinking) and people skills.

Often we emphasise the importance of the first two. This session focuses on the third. We all have to build business relationships and interact with people, both within and external to our organisations. EI gives you a framework to develop these skills.



Are you in touch with your emotions?

Accountancy Age, 24 May 2000

Today, the customers and stakeholders of every business - from law firms to the blue chips to management consultancies - are more knowledgeable, more demanding and more likely to desert companies and turn to their competitors than ever before. **The accountancy profession is no different.** The vast majority of firms recognise the management of clients is critical



Your EQ skills: got what it takes? So you thought the CPA exam was your last test? Read on

The AICPA and the Institute of Management Accountants recognize that **emotional intelligence skills are critical for the success of the accounting profession.** In CPA Vision 2011 and Beyond: Focus on the Horizon (www.cpavision.org), the AICPA identifies emotional skills as extremely important, and an IMA research study says **"interpersonal skills" are most important for success as professional accountants.** In another study researchers examined the knowledge and abilities that students need to succeed in different professions and concluded they require a portfolio of skills that includes EQ. Is there a CPA or accounting student who can afford to ignore his or her EQ.



The Pioneers of Emotional Intelligence

1990



Dr. Peter Salovey
(Yale University)



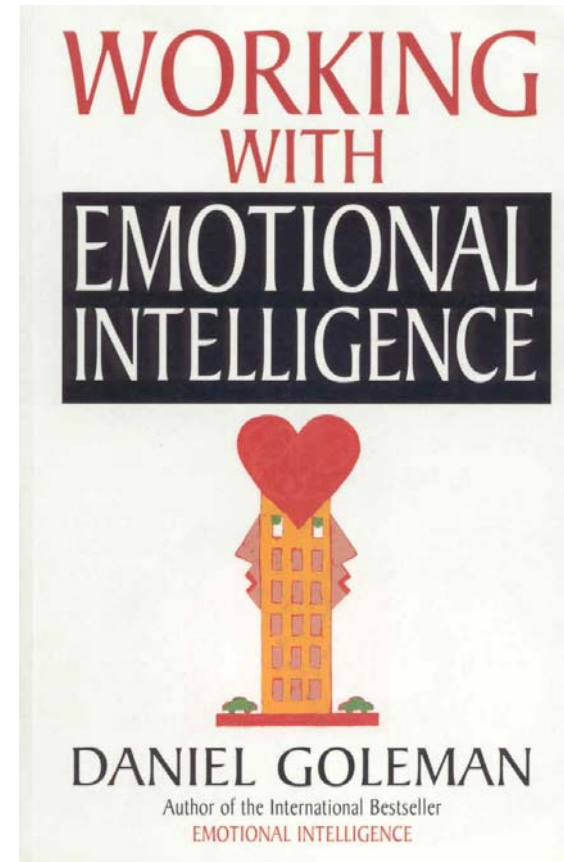
Dr. John Mayer
(University of New Hampshire)



Who made the concept of EI popular?



Dr Daniel Goleman



(Daniel Goleman, 1998)



1. What is Emotional Intelligence

A large, light-yellow oval with a thin brown border, centered on the slide. Inside the oval is a large, bold, purple question mark.

?



Emotional Intelligence Defined

“The capacity for recognizing our own feelings and those of others, for motivating ourselves, for managing emotions well in ourselves and in our relationships.”

Daniel Goleman



Emotional Competence Defined

“Emotional competence is a set of learned capabilities or behaviours, based on EI, that contribute to effective performance at work, outstanding leadership and deeply satisfying relationships in life.”

Daniel Goleman



EQ – The single most important factor

Research conducted with over 500 organisations (and across all levels) indicates that the elements that distinguish outstanding performers in every field are not IQ, academic degrees or technical expertise.

In fact, the single most important factor is EI or EQ (Emotional Quotient).



EI Research Results

More specifically, research indicates the following:

- 80% of the competencies that distinguish outstanding from average leaders are linked to EQ.
- EQ is twice as important in leadership as IQ and technical expertise combined.
- EQ is four times as important as other factors in terms of overall success.



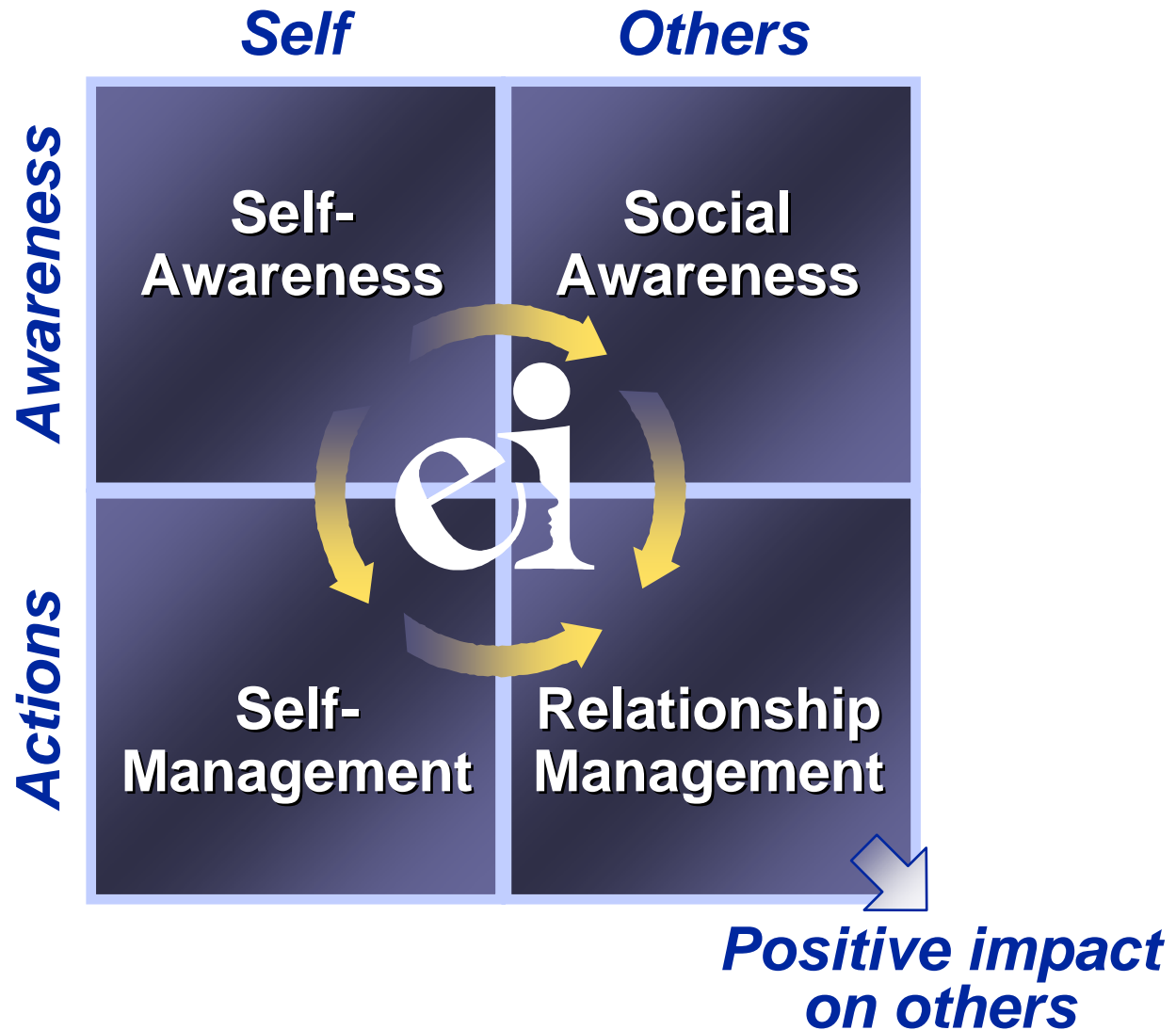
EI Research Results (cont.)

In other words, while intellectual capability, knowledge and technical expertise are needed for entry in a field, they do not make you an outstanding performer.

EI is the differentiating factor for success.



The Conceptual Model





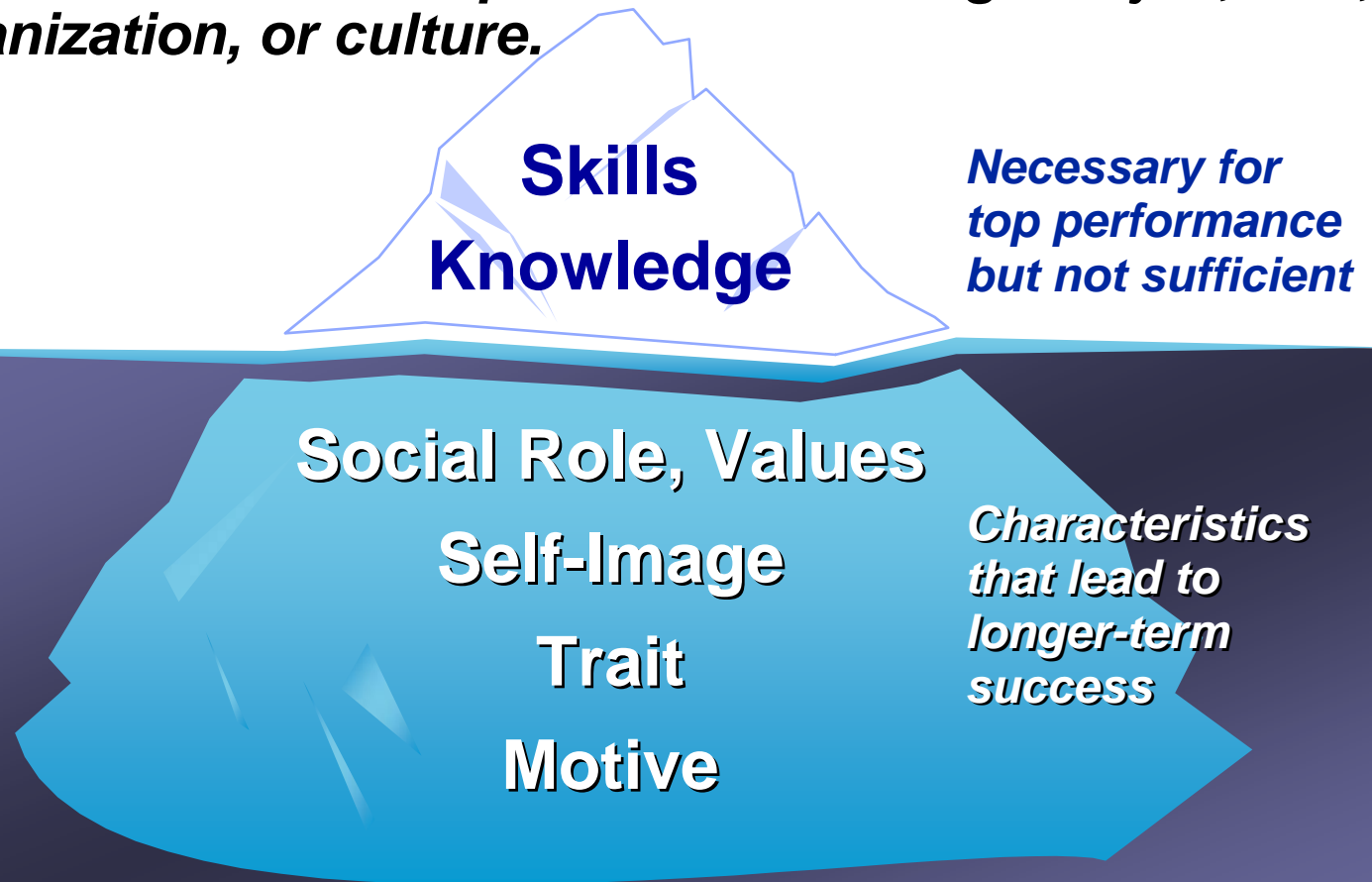
The Competency Framework





What Is a Competency?

Any measurable characteristic of a person that differentiates level of performance in a given job, role, organization, or culture.



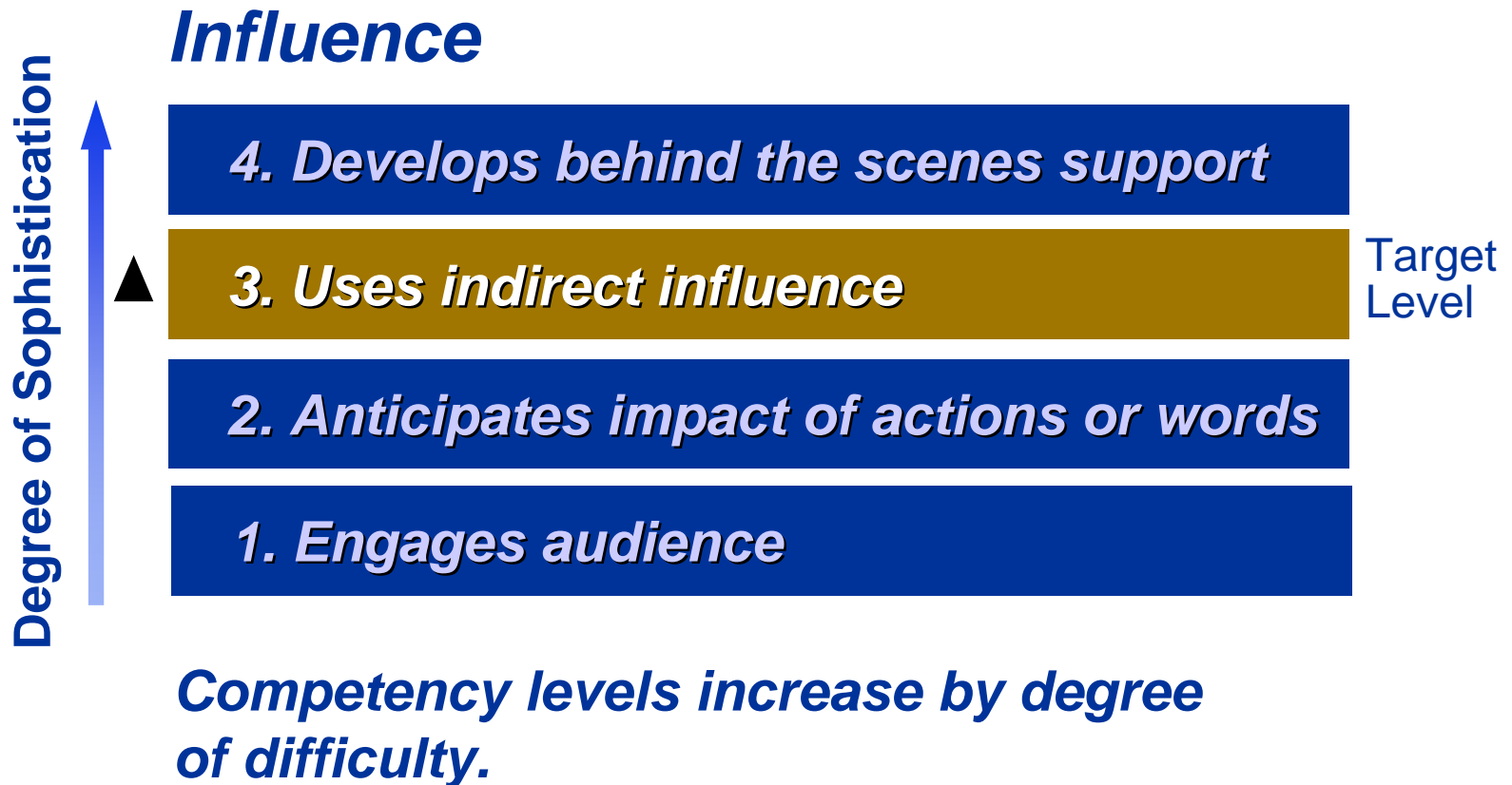


About Competencies

- **Competencies consist of behaviors that are developmentally scaled.**
- **For each competency, there is a target level of behavior that, when met or exceeded, positively impacts performance.**

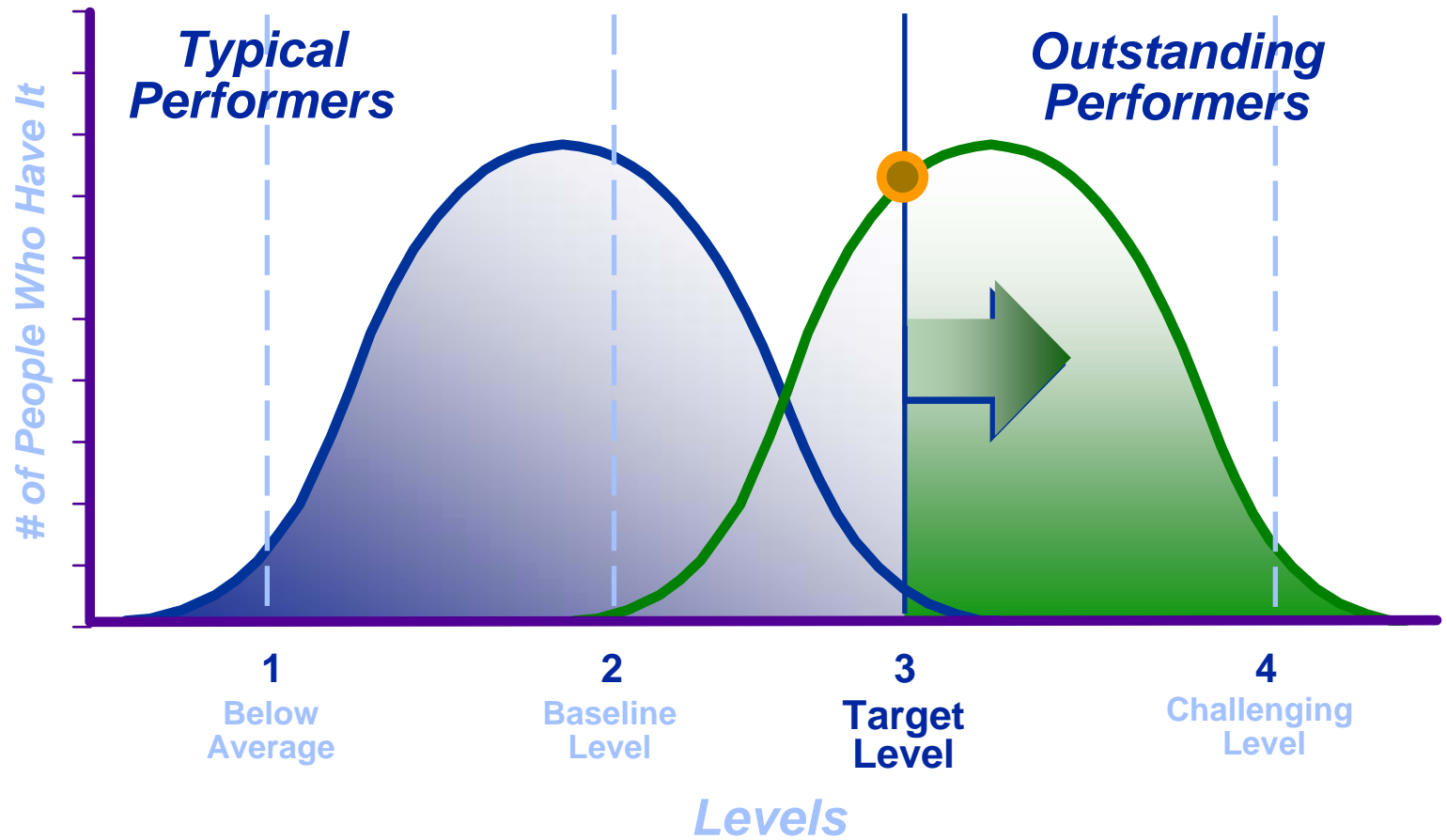


Scaled Competencies





Target Levels





There Are Many Ways to Success

- **One size does not fit all.**
 - **“...often various combinations of competencies lead to success.” David McClelland, “Where Do We Stand on Assessing Competencies,” 1994**
- **One competency may compensate for another.**
- **Certain combinations of competencies may contribute to outstanding performance.**
- **Some competencies are more critical than others.**



Emotional Intelligence Competency Model

Target Level |

Self-Awareness

Emotional Self-Awareness

- 4. Has emotional insight
- 3. Understands implications of own emotions
- 2. Aware of triggers
- 1. Aware of own feelings

Accurate Self-Assessment

- 4. Solicits honest critiques
- 3. Has a sense of humor about oneself
- 2. Open to feedback
- 1. Aware of own strengths and limits

Self-Confidence

- 4. Has presence
- 3. Is self assured
- 2. Believes in oneself
- 1. Is confident in job capability

Self-Management

Emotional Self-Control

- 4. Stays composed and positive
- 3. Responds calmly
- 2. Has patience
- 1. Shows restraint

Transparency

- 4. Acts on values
- 3. Publicly admits to mistakes
- 2. Brings up ethical concerns
- 1. Keeps promises

Adaptability

- 4. Adapts or changes strategy
- 3. Handles unexpected demands
- 2. Adapts to situations
- 1. Open to new ideas

Achievement

- 4. Takes calculated risks
- 3. Anticipates obstacles
- 2. Sets challenging goals
- 1. Improves performance

Initiative

- 4. Initiates actions for the future
- 3. Makes extra efforts
- 2. Seeks information
- 1. Addresses current opportunities

Optimism

- 4. Learns from setbacks
- 3. Is resilient
- 2. Is optimistic about the future
- 1. Has positive expectations



Emotional Intelligence Competency Model

Target Level |

Social Awareness

Empathy

- 4. Sees others' perspectives
- 3. Open to diversity
- 2. Reads nonverbal cues
- 1. Listens

Organizational Awareness

- 4. Understands underlying issues
- 3. Understands organizational politics
- 2. Understands climate and culture
- 1. Understands informal structure

Service Orientation

- 4. Matches customer needs
- 3. Takes personal responsibility
- 2. Monitors satisfaction
- 1. Makes self available

Relationship Management

Developing Others

- 4. Acts as a mentor
- 3. Gives constructive feedback
- 2. Provides support
- 1. Recognizes strengths

Inspirational Leadership

- 4. Communicates a compelling vision
- 3. Inspires others
- 2. Stimulates enthusiasm
- 1. Leads by example

Change Catalyst

- 4. Champions change
- 3. Personally leads change
- 2. Acts to support change
- 1. Defines general need for change

Influence

- 4. Develops behind the scenes support
- 3. Uses indirect influence
- 2. Anticipates impact of actions or words
- 1. Engages audience

Conflict Management

- 4. Orchestrates win-win solutions
- 3. Addresses conflict
- 2. Maintains objectivity
- 1. Airs disagreements

Teamwork and Collaboration

- 4. Builds bonds
- 3. Encourages others
- 2. Solicits input
- 1. Cooperates



I. Self-Awareness

The Core of Emotional Intelligence

- ***Emotional Self-Awareness:*** recognizing how our emotions affect our performance
- ***Accurate Self-Assessment:*** knowing one's own inner resources, abilities, and limits
- ***Self-Confidence:*** a strong sense of one's self-worth and capabilities



Self-Awareness

The essence of Self-Awareness is seeing yourself as others see you.

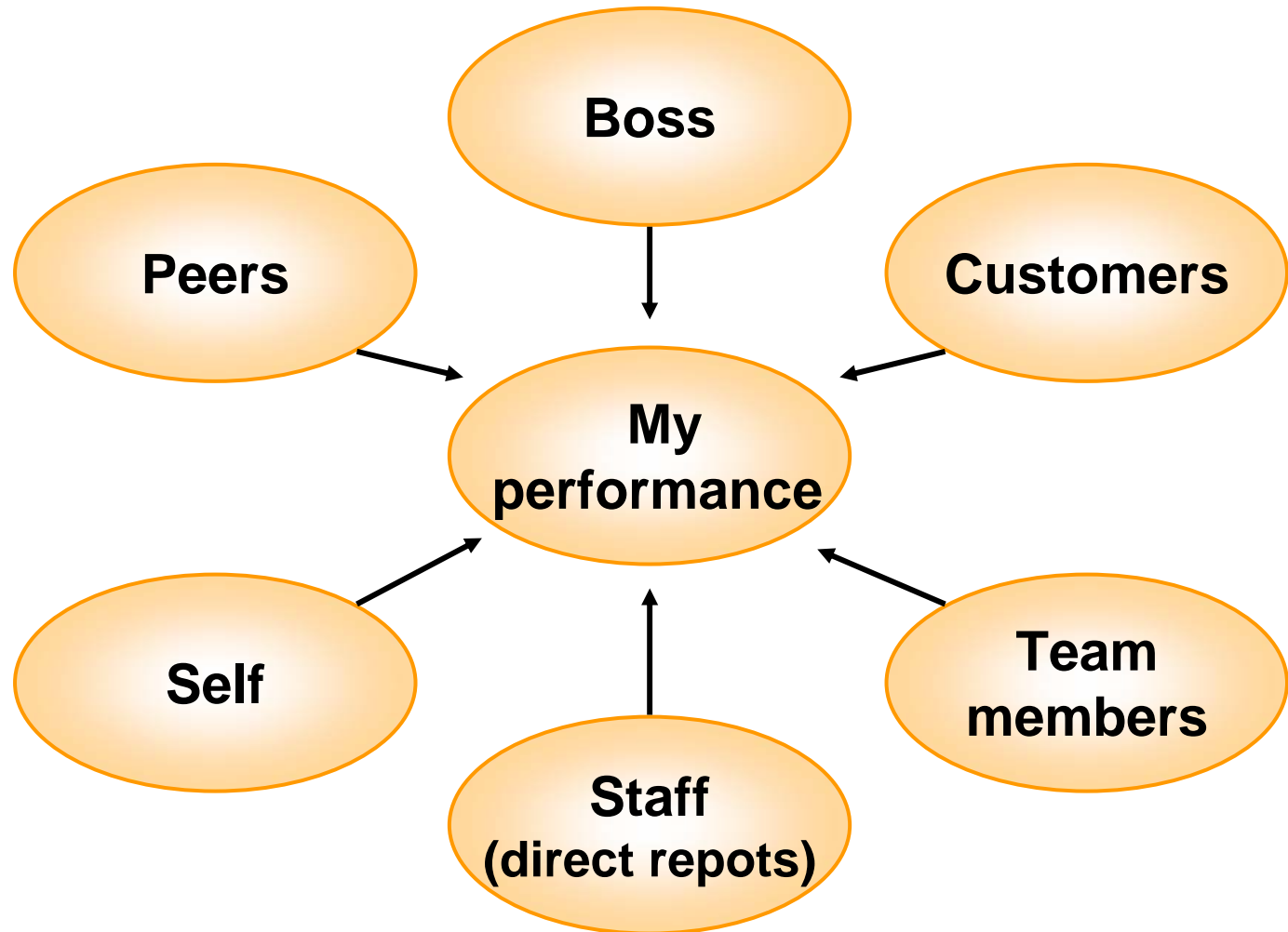
- Research shows that people with high **Accurate Self-Assessment (ASA)** have smaller gaps between self and others' views than people who score low on ASA* (*Burckle & Boyatzis, 1999*).

* N=214, t-values range from 2.27 to 6.46, $p < .001$

- 360° feedback is critical for obtaining objective insights.



360 Degree Feedback





*You see
yourself a
certain
way.*

*The question
is ...*



*How do
others
see you?*



The Impact of Self-Awareness

***Research supports that
Self-Awareness is a necessary
underpinning of both
Self-Management and
Social Awareness.***



The Impact of Self-Awareness on Self-Management

With Self-Awareness, a person has a 50-50 chance of demonstrating Self-Management.

		Self-Management	
		Yes	No
Self-Awareness	Yes	49%	51%
	No	4%	96%

N = 427, $p < .001$ (Burckle and Boyatzis, 1999)

Without Self-Awareness, a person has virtually no chance of demonstrating Self-Management.



The Impact of Self-Awareness on Social Awareness

With Self-Awareness, a person has a 38% chance of having Social Awareness.

		Social Awareness	
		Yes	No
Self-Awareness	Yes	38%	62%
	No	17%	83%

N = 427, $p < .001$ (Burckle and Boyatzis, 1999)

Without Self-Awareness, a person has an 83% chance of lacking Social Awareness.



2. How the theory applies in real life

Bob's case study



2. How the theory applies in real life

Case Study

Bob Brown is a middle manager of a medium size accounting firm.

He has a highly authoritative and pace-setting working style.

Bob works long and hard to get a job done. He has very high standards and if anyone doesn't meet them, he gets exasperated and often reprimands them.

When stressed, he flies off the handle.

Bob at work





II. Self-Management

Self-Regulation

- ***Emotional Self-Control:*** keeping disruptive emotions and impulses in check
- ***Transparency:*** maintaining integrity, acting congruently with one's values
- ***Adaptability:*** flexibility in handling change



2. How the theory applies in real life

Case Study (cont.)

Bob is highly skilled and motivated, but his behaviour affects his team negatively.

The team has a high turnover, as most people are not comfortable working with him.

They say he's unpredictable.



2. How the theory applies in real life

Case Study (cont.)

Although Bob is less temperamental with his clients, one has complained that he “simply doesn't listen”.

The senior partner recognises Bob's skills, and knows there is no-one like him in terms of sector knowledge and understanding his clients' businesses, but also recognises the need for him to develop better communication skills to stop him losing team members and clients.



III. Social Awareness

- ***Empathy:*** sensing others' feelings and perspectives, and taking an active interest in their concerns
- ***Organizational Awareness:*** reading a group's emotional currents and power relationships
- ***Service Orientation:*** anticipating, recognizing, and meeting customers' or clients' needs



2. How the theory applies in real life

Case Study (cont.)

To that end, Bob undergoes coaching with an EI coach. The first step is to do a 360 degree evaluation (a diagnosis stage where Bob obtains feedback on himself from multiple viewpoints - that is, from his manager and his team).

This allows Bob to identify some of his blind spots by highlighting the discrepancy between his view of himself, and his team's view of him.



2. How the theory applies in real life

Case Study (cont.)

Although initially, Bob resents the feedback, he understands that he has to improve if he wants to stay within the firm. Once the areas he needs to improve on are established, such as his ability to build bonds and collaborate with his team.

Bob learns how to defuse his flare-ups by talking and listening to his team members, rather than getting hostile.



2. How the theory applies in real life

Case Study (cont.)

Six months later, the climate has improved sharply, and his team's results are creeping upward. Bob's client management skills have also improved; he can now cope with the client management imperative of really listening to his clients' needs.





Self-Awareness Competencies



Emotional Self-Awareness

- Definition of the competency: recognizing how our emotions affect our performance
- Definition in your own words:
- ***Emotional Self-Awareness behaviors:***
 4. Has emotional insight: understands why emotions are aroused by certain stimuli
 3. *Understands implications of own emotions: understands how own emotions affect situations*
 2. Aware of triggers: identifies situations that arouse strong feelings
 1. Aware of own feelings: recognizes own emotions when they are felt
- Real-life example:

Target
Level



Relationship Management Competencies



Teamwork and Collaboration

- Definition of the competency: working with others towards a shared goal, creating group synergy in pursuing collective goals
- Definition in your own words:
- **Teamwork and Collaboration behaviors:**
 - 4. Builds bonds: develops relationships based on trust and mutuality of benefits
 - Target Level | 3. *Encourages others: encourages and empowers others, making them feel strong and important*
 - 2. Solicits input: asks for others' input and expertise
 - 1. Cooperates: supports team decisions, is a good team player, does his or her share of the work
- Real-life example:



3. How to identify business leaders through EI measures

The Emotional Competence Inventory (ECI)

The Emotional Competence Inventory (ECI) is a multi-rater tool designed to assess emotional intelligence.

The ECI is based on the seminal work of Dr. Daniel Goleman and Dr. Richard Boyatzis and builds on Hay Group's 35 years of competency research (research begun and initially carried out by McBer and Company) and field-proven assessment technology.



3. How to identify business leaders through EI measures (cont)

The Emotional Competence Inventory (ECI) (cont)

The ECI is designed to be administered and delivered by qualified professionals.

To ensure that ECI consultants meet Hay Group's strict quality standards, internal and external consultants must be accredited in its use.



Interpreting the ECI Feedback

The Emotional Competence Inventory (ECI) is organized into six sections:

- 1. EI Competence Model**
- 2. Data Validity**
- 3. ECI Summary (by clusters of competencies)**
- 4. Competency Detail**
- 5. Item Frequency Report**
- 6. Verbatim Comments**



ECL: EI Competence Model



Self-Awareness

- Emotional Self-Awareness
- Accurate Self-Assessment
- Self-Confidence

Self-Management

- Emotional Self-Control
- Transparency
- Adaptability
- Achievement
- Initiative
- Optimism

Social Awareness

- Empathy
- Organizational Awareness
- Service Orientation

Relationship Management

- Developing Others
- Inspirational Leadership
- Change Catalyst
- Influence
- Conflict Management
- Teamwork & Collaboration



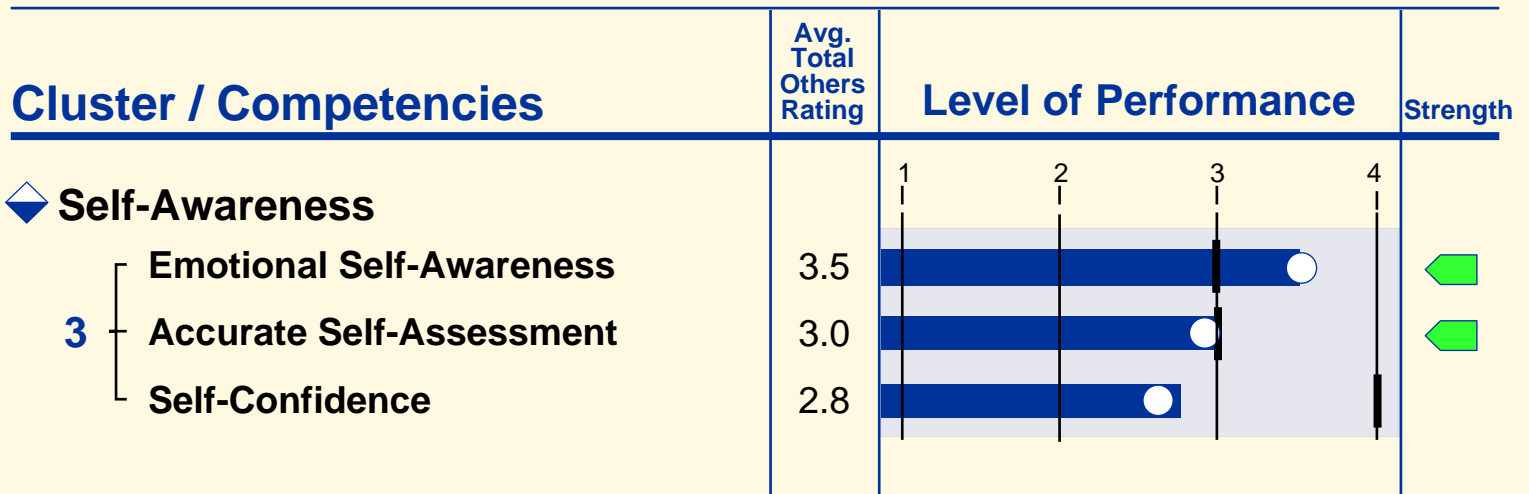
ECI: Data Validity

Summarizes the source and quality of the feedback data

	Questionnaires			Familiarity		Agreement	
	Distb.	Rcvd.	Prcsd.	Low	High	Low	High
Self	1	1	1				
Manager	1	1	1	<div></div>			
Direct Reports	3	3	3	<div></div>		<div></div>	
Peers	2	2	2	<div></div>		<div></div>	



ECI: Summary



◆ Cluster Strength

■ Total Others

| Target Level

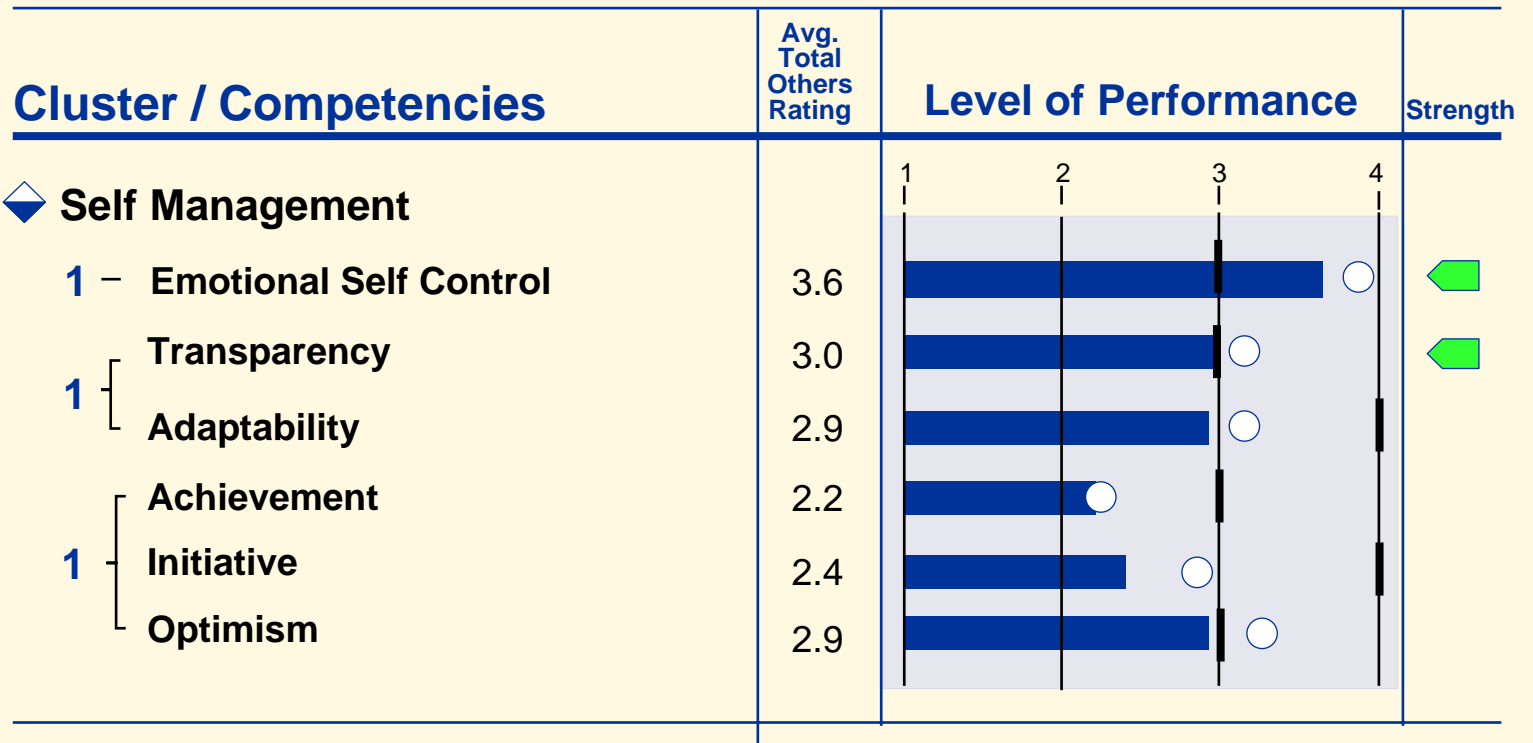
○ Self

◆ Close to Cluster Strength

◇ Cluster to Develop



ECI: Summary



◆ Cluster Strength

■ Total Others

| Target Level

○ Self

◆ Close to Cluster Strength

◆ Cluster to Develop



ECI: Competency Detail

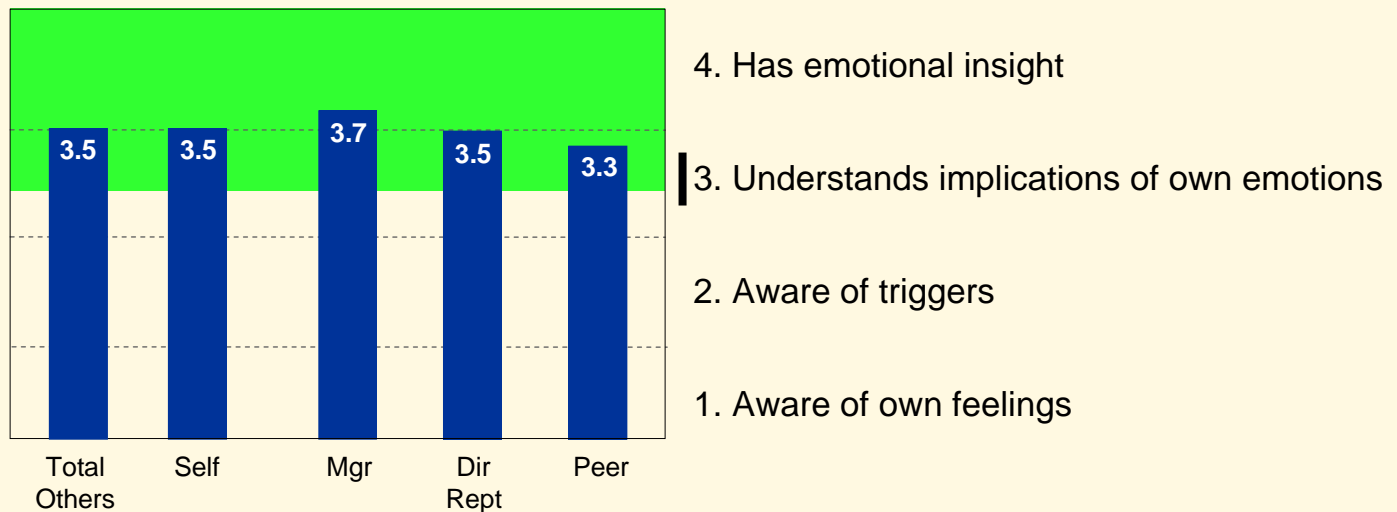
Self-Awareness

Target Level |

Strength 

Emotional Self-Awareness

Recognizing how our emotions affect our performance





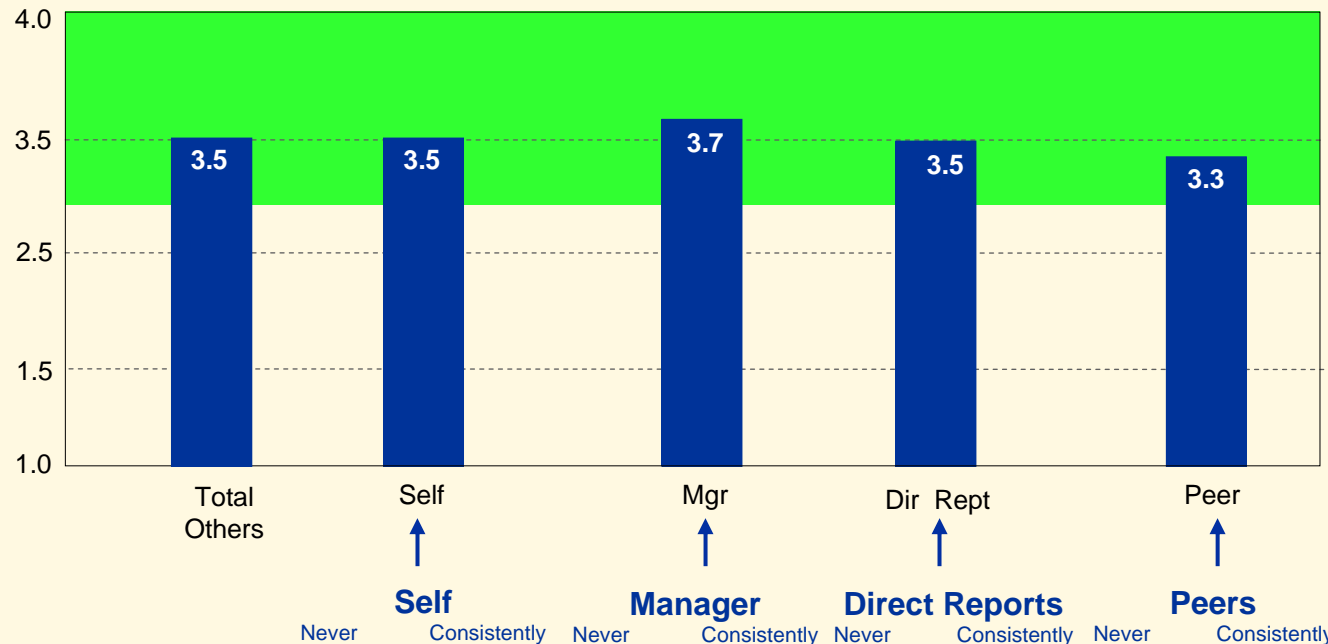
Technical Issues

- **Statistical significance is measured at .3 (difference between self/other raters)**
- **Behavioral descriptors have different weights -- those at levels 3 and 4 are weighted more heavily than those at levels 1 and 2**
- **The ECI scoring algorithm transfers the scores from the 1 to 5 Likert scale (from *Never* to *Consistently*) to a point on the behavioral descriptor scale (1 to 4) for that competency**
- **Because of weighting factors in the scoring, it is possible to score at the 4 level on a competency while having individual scores below 5 on the Likert scale**



Calculating Rating Scores: A Graphic Explanation

Emotional Self-Awareness

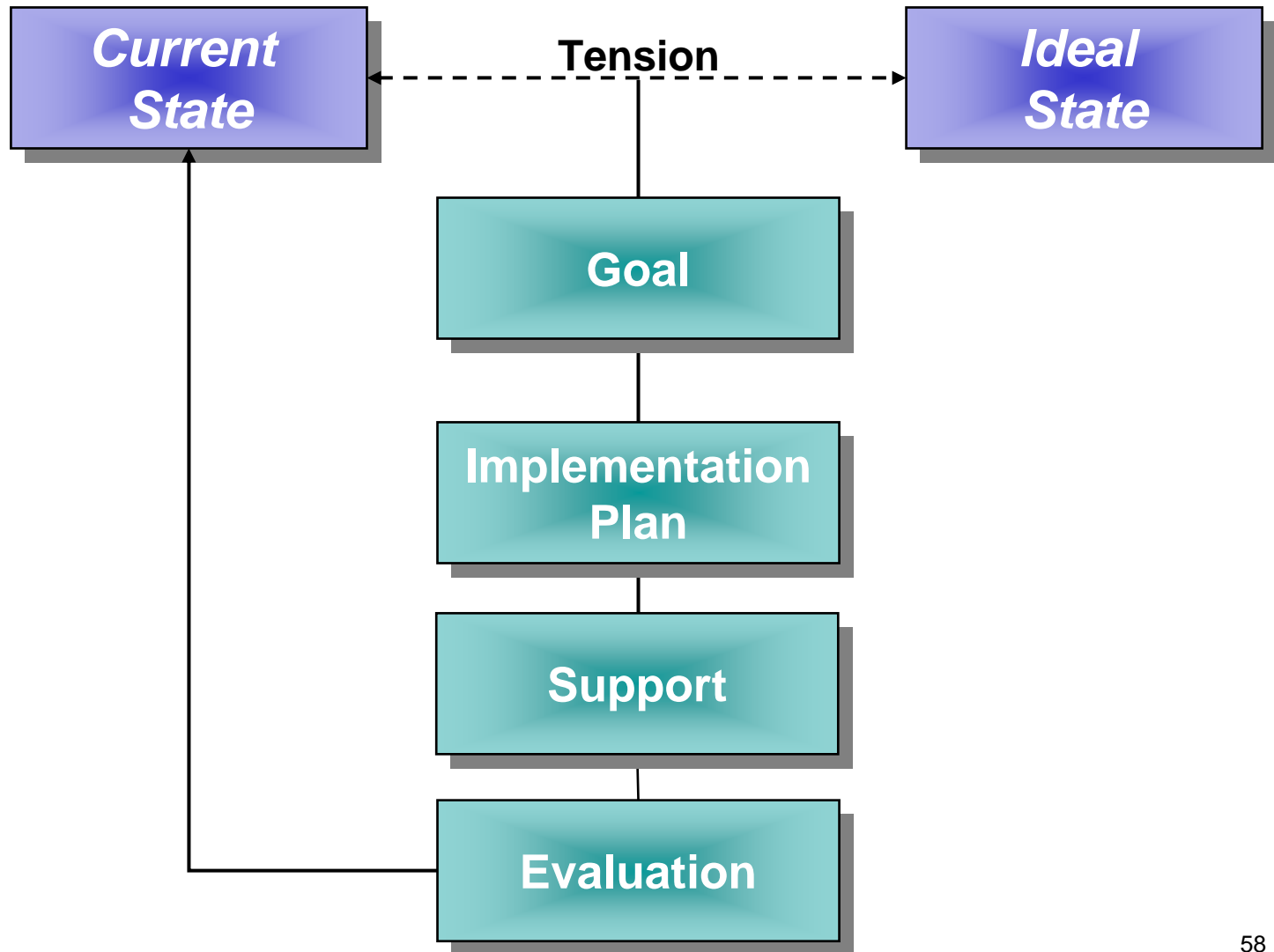


Level	Item#	Emotional Self-Awareness	Never	Consistently	Never	Consistently	Never	Consistently	Never	Consistently
1	68	Is aware of own feelings		1		1		1	1	1
2	1	Recognizes the situations that arouse strong emotions in him/her		1		1		2	1	2
3	27	Knows how his/her feelings affect his/her actions		1		1		2	1	1
4	18	Reflects on underlying reasons for feelings		1		1		2	1	1

* Indicates that some of your assessors did not respond to the item



4. How to use EI measurers to drive performance: A Model for Self-Directed Change





Identifying Areas for Development: Worksheet

1. In your current role, what are the major issues and challenges you are facing?

2. Identify up to 10 competencies most critical for achieving success in meeting these challenges:

3. As you think about your survey feedback, focus on these competencies you have identified. Determine which are strengths, and which might be areas for development. The table that follows may help you organize your survey data.

Critical Competencies	Strengths	Need More Data to Understand	Areas to Develop



Different Views

It is also useful to identify those competencies where there is a disagreement between your (Self) rating and those of all or a majority of the rater groups

- These are areas in which your **intent is different** from what others perceive. In these areas, you will need to determine what it is that others see you do that makes them rate you as they did

Next, identify those competencies where there is general disagreement on ratings provided by the different rater groups

- These are areas where you are demonstrating **different behaviors to different individuals or groups**. In these areas think of how you would be well served to demonstrate behaviors you display in more situations than you do currently.

*When you have completed work to this point, use the **Processing Your Results** sheet to summarize your findings*



Processing Your Results

Use this sheet to help you identify strengths, development needs, and areas to explore

Category

Competencies

Prescription

Strengths

Acknowledges these strengths

Determine how to build on these strengths to help you develop other competencies

Development

Prioritize--which are most critical

Needs

Ask--where do I want to focus?

Me vs. Them

Ask others why they responded as they did -- what did others see me do that let them to assess me as they did?

Them vs. Them

Ask whether there are behaviors that I demonstrate in some settings that I could demonstrate in others to my advantage?
If I demonstrate a behavior in one setting it is likely I can do this in other settings



The Process of Personal Change

- **Recognize the need for change**
- **Have a model to define what needs to be/can be changed**
- **Undergo assessment to define present state**
- **Set and implement goals for change**
- **Assess progress in meeting goals**



The Value of 360° Assessment

- **Accurate self-insight is critical to life/job success**
- **People get accurate self-insight when they solicit, absorb and understand feedback from others**
- **360° assessments provide a vehicle to facilitate this process**



Coaching to the ECI

- **Help the respondent understand the gaps**
- **Identify which competencies are most critical to success, short-term and long-term**
- **Help the respondent choose one or two areas for change**
- **Help the respondent develop a change plan**



Help the Respondent Understand Gaps

- **Why do I see myself differently from the way others see me?**
- **Why do different categories of rater see me differently?**



Choose One or Two Areas for Change

- **To change means to “hard-wire” new behaviors—this activity is like building muscle**
- **It is easiest to be successful when you focus on one or two things—practice developing these “muscles” for at least six months**



Develop a Change Plan

- **The plan must be something the person is passionate about**
- **Specific goals will spell out the expected outcomes will require support—who will provide that?**



Good News!

You can develop Emotional Intelligence!

- **“Rewire” your responses to feelings.**
- **Change how you think about this.**
- **Alter your behavior.**





Workforce Audit

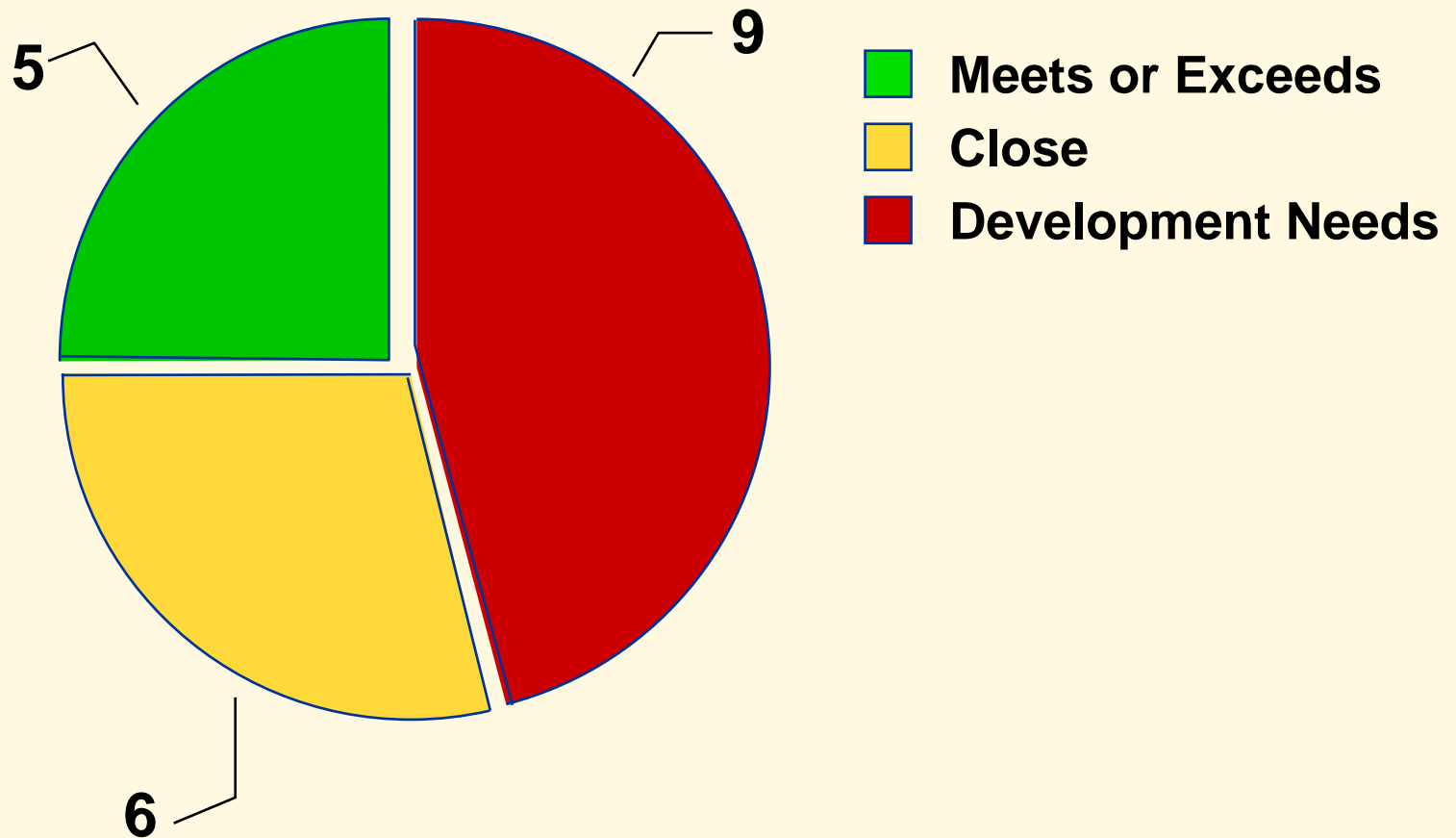
The Workforce Audit has four major sections:

- 1. Data Description & Overview**
- 2. Workforce Audit Summary**
- 3. Competence Detail**
- 4. Item Responses**



Workforce Audit: Overview

- How many people have met the ECI Algorithm?





Manager Model

Manager Model



Managing Yourself

- Empathy
- Self Control
- Self Confidence

Managing Your Team

- Developing Others
- Holding People Accountable
- Team Leadership

Managing the Work

- Results Orientation
- Initiative
- Problem Solving

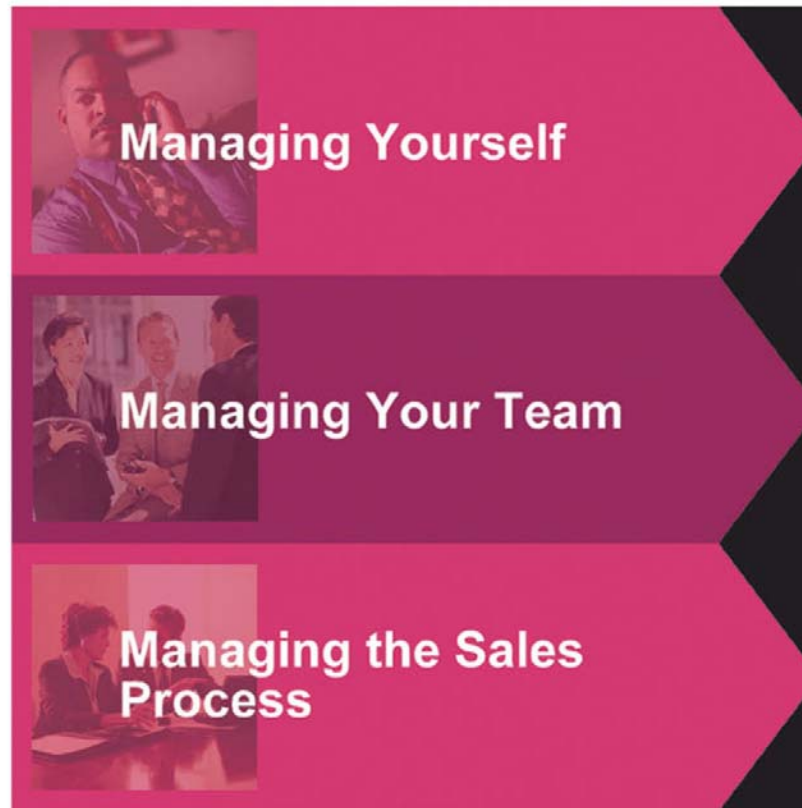
Managing Collaboratively

- Influencing Others
- Fostering Teamwork



Sales Manager Model

Sales Manager Model



Managing Yourself

- Empathy
- Self Control
- Self Confidence

Managing Your Team

- Developing Others
- Holding People Accountable
- Team Leadership
- Fostering Teamwork

Managing the Sales Process

- Results Orientation
- Initiative
- Customer Service Orientation
- Influencing Others



5. How EI applies in the world of finance and business?

6 case studies



American Express

Financial advisors at American Express whose managers completed the Emotional Competence training program were compared to an equal number whose managers had not.

During the year following training, the advisors of trained managers grew their businesses **by 18.1% compared to 16.2%** for those whose managers were untrained.

That is, the trained group outperformed the control group by 10% adding significantly to the American Express bottom line.



L'Oreal

At L'Oreal, sales agents selected on the basis of certain emotional competencies significantly outsold salespeople selected using the company's old selection procedure.

On an annual basis, sales people selected on the basis of Emotional Competence sold \$91,370 more than other salespeople, for a net revenue increase of \$2,558,360.

Sales people selected on the basis of Emotional Competence also had 63% less turnover during the first year than those selected in the typical way (Spencer & Spencer, 1993; Spencer, McClelland, & Kelner, 1997).



Metropolitan Life (Metlife ®)

Metropolitan Life (Metlife ®) had problems in keeping sales staff. It cost them \$30,000 per person to recruit and train a new representative and they recruited around 5,000 per year! Half of these would leave within one year and 80% would be gone in four years.

Metropolitan Life decided to look at the EI aspect of optimism (optimism is an emotional competence) in their prospective recruits, since this quality had been shown to equate with success. They recruited people who scored highly on this EI scale.



Metropolitan Life (Metlife ®)

The test paid off. **The optimists outsold the pessimists by 21% in their first year and by 57% in their second.**

They stayed because they were doing well and could easily overcome the rejections that are part of the job. In short, **new salesmen at Met Life who scored highly on a test of “learned optimism” sold 36 percent more life insurance in their first two years than pessimists (Seligman, 1990).**



Johnson & Johnson

A study was conducted on three hundred and fifty-eight Managers across the Johnson & Johnson Consumer & Personal Care Group (JJC&PC Group) globally to assess whether there are specific leadership competencies that distinguish high performers from average performers.



Senior partners firm

Senior partners in a USA multinational consulting firm were assessed on EI competencies plus three others.

Partners who scored above the median on 9 or more of the 20 competencies delivered \$1.2 million more profit from their accounts than did other partners – a 139 percent incremental gain (Boyatzis, 1999).



Manufacturing plant

A manufacturing plant provided supervisors with training in emotional competencies (eg: how to listen better and help employees resolve problems on their own).

As a result of the training, lost-time accidents were reduced by 50 percent, formal grievances were reduced from an average of 15 per year to 3 per year, and the plant exceeded productivity goals by \$250,000 (Pesuric & Byham, 1996).



How will this be useful?

