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The Smart Organization - Part 1 of 2

Building a "smart" organization is a function of what many HR (Human Resource) professionals call Emotional Intelligence or EI. Unfortunately, many traditional managers think that a smart organization is full of highly educated people with high IQ's. In his book, *Emotional Intelligence: Why It Can Matter More Than IQ*, Daniel Goleman describes how Emotional Intelligence is a much stronger indicator of organizational performance than IQ (Intelligence Quotient).

"For star performance in all jobs, in every field, emotional competence is twice as important as purely cognitive abilities. For success at the highest levels, in leadership positions, emotional competence accounts for virtually the entire advantage."

- [Working with Emotional Intelligence](#) by Daniel Goleman

Emotional Intelligence is the combination of skills, capabilities, and competencies that allow a person to deal with the pressure and demands of work. Goleman notes that EI improves with age and experience. Therefore, a young startup company full of 20 to 30 year olds will lack strong EI's whereas a company full of seasoned veterans should possess higher EI's. For example, a person's ability to lead a team or cope with business failure is a good indicator of EI. The good news is that EI (Emotional Intelligence) can be learned in the five components that make up EI:

1. Self-Motivation - The ability to cope and remain highly motivated
2. Self-Awareness - Strong insights into how people work
3. Empathy - Sensing and feeling the emotions of others
4. Managing Emotions - Understanding your own emotional strengths and weaknesses
5. Social Skills - Interpersonal relationships with others

Since emotional intelligence is somewhat unconventional, many organizations may view EI as nice to have, but unnecessary. Therefore, the first step is to understand the link between EI and various business needs. Fortunately, there is a wealth of research to support the impact of EI on business. Here are a few examples from the Consortium for Research on Emotional Intelligence in Organizations:

1. Research by the Center for Creative Leadership has found that the primary causes of derailment in executives involve deficits in emotional competence. The three primary ones are difficulty in handling change, not being able to work well in a team, and poor interpersonal relations.
2. For 515 senior executives analyzed by the search firm Egon Zehnder International, those who were primarily strong in emotional intelligence were more likely to succeed than those who were strongest in either relevant previous experience or IQ. In other words, emotional intelligence was a better predictor of success than either relevant previous experience or high IQ.
3. An analysis of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished stars from the average: Influence, Team Leadership, Organizational Awareness, self-confidence, Achievement Drive, and Leadership (Spencer, L. M., Jr, 1997).
4. In a national insurance company, insurance sales agents who were weak in emotional competencies such as self-confidence, initiative, and empathy sold policies with an average premium of \$54,000. Those who were very strong in at least 5 of 8 key emotional competencies sold policies worth \$114,000 (Hay/McBer Research and Innovation Group, 1997).
5. In a large beverage firm, using standard methods to hire division presidents, 50% left within two years, mostly because of poor performance. When they started selecting based on emotional competencies such as initiative, self-confidence, and leadership, only 6% left in two years.
6. At a national furniture retailer, sales people hired based on emotional competence had half the dropout rate during their first year (Hay/McBer Research and Innovation Group, 1997).
7. One of the foundations of emotional competence -- accurate self-assessment -- was associated with superior performance among several hundred managers from 12 different organizations (Boyatzis, 1982).

So you might be asking, how can I apply EI in the workplace. Several companies, such as American Express and Met Life, are using simple techniques to actively identify high EI employees. For example, weeding out pessimist from optimist can help distinguish self-motivation from a lack of self-motivation. People who are highly confident regardless of their assignments or jobs usually possess high EI's. Also, people with broad experiences adapting to different environments have strong EI's. Many companies now use EI testing for new job applicants, looking for employees with well-rounded skills (good team player, adoptable to change, communicates clearly, etc.).

Many experts trace a lack of EI back to our early childhood education. In his book, *EQ: Emotional Intelligence in Leadership and Organizations*, Robert K. Cooper describes an educational system that is dominated by math, reading, history, and other intellectual pursuits. Little emphasis is placed on emotional development and those things that give a person an understanding of how to deal with people. It's only through long years of experience that someone learns the five EI skills. And since most of us never learned these skills to begin with, it's up to the organization to recognize and develop EI related skills.

Emotional Intelligence cuts to the heart of high performance teams, attracting the right people, effective communication, and other desirable characteristics for the organization. If an organization wants to be smart, Emotional Intelligence must be a high priority.