

The Missing Piece

to the

Leadership Puzzle

Effective leadership and high-performance teams start with the individual, working from the inside out.

BY BYRON STOCK



Peter was on top of the world. His excellent organizational skills, hard work, impressive past accomplishments, and his degree from one of the best schools in the country helped him land a challenging job as a new product manager for a large telecommunications company.

Peter's boss was impressed by his excellent analytical skills and by his grasp of the nuances of new product development. He assigned Peter the responsibility of locking in transactional and subscription revenue with content providers (like MSNBC, E-trade, ESPN, etc.) for their new wireless phone product. Peter was in the final stages of negotiations with one of the content providers. The vice president of the provider had verbally agreed to pay \$100,000 for the number one position on the new wireless phone.

Landing this deal was a big boost for Peter's career: the boss would be impressed, and it would help him meet one of his financial targets for the year. Feeling confident, Peter assured his boss and the company president that the deal was locked up. But when Peter met with the VP to get the agreement signed, things took an unexpected turn. "We're excited about being positioned as the number one slot on your new product," the VP told Peter. "But instead of our paying you \$100,000 for the number one position, we would like to put your product brand name on our web site. We have literally millions of hits a day. It could be great exposure for you."

What went through Peter's mind as he listened to the VP? There was a lot riding on his response: Would the new product launch happen on time? Would Peter's company lose potential income? Would the business relationship with this telecommunications company be damaged or even destroyed?

In a nanosecond, these thoughts blistered through Peter's mind: "What's the President going to think? I promised him this was in the bag! What's this going to do to the product launch date? The president blew up the last time one was delayed!! I'm not going to meet my financial goal! They're going to fire me if I don't get this deal closed!!"

Peter panicked, and before he even had time to consider his words, his angry thoughts and emotions burst forth, unfiltered. "What are you talking about?! You agreed last week to the \$100,000. Now you want to back out after I told the President you had agreed? We don't need exposure on your web site! I can't believe you're pulling this on me!"

After he spewed out his anger, Peter got up and walked out.

The Missing Piece

Whether he realizes it or not, Peter has just highlighted the one skill that he's lacking. For all his apparent competence, his lack of "emotional intelligence (EI)" just cost his company money: the new product launch will be delayed, which will negatively impact the company's income, as well as erode their market share. His harsh emotional reaction effectively shut down communications, which made it impossible to even talk about compromise.

Unfortunately, what happened to Peter is not unusual. The skills that most people think are critical for success (vision, organization, aggressiveness, etc.) couldn't help him when he faced what he perceived as a threatening situation.

What key skills and abilities separate outstanding leaders from mediocre ones? What distinguishes star performers

from good ones is how they handle the emotionally charged situations that they face each day. Developing emotional intelligence is critical for business leaders who want to succeed in the 21st Century, according to the business leaders I interviewed for this article.

“It’s probably the most difficult part of managing,” said Ed, (not his real name), the president of the international division of an office furniture manufacturer.

“If you have a leader who is open and caring, people read that real quick and they know it’s an okay place to be and they like to be there,” said Elizabeth Smith, Vice President American Electrical Power. “If that dynamic isn’t there, people are not as productive, they are stressed, unhappy and they project that unhappy image to everyone they meet.”

Emotional situations do more than just make people feel “stressed.” Medical science clearly supports the fact that negative emotions actually keep us from thinking clearly. (See sidebar.)

“... a lot of these people don’t succeed because they lack the emotional intelligence, they lack the human touch, they lack what it really takes to be a good leader.”

Harvey Jones, CEO and founder of apparel company Cutter and Buck, says he’s seen “people that are incredibly bright and talented and perceptive and get better grades than you in business school. But you get out in the world and you find that a lot of these

people don’t succeed because they lack the emotional intelligence, they lack the human touch, they lack what it really takes to be a good leader.”

Studies have shown that emotional intelligence is a greater indicator of success than almost any other credential. No matter where you are in the organization, every person must manage the stress of constant change and interact effectively with other people. Initiative, foresight, confidence and motivation are required of every person at every level today. The good news is that these skills can be learned.

Let’s go back to our earlier example. What would the situation have looked like if Peter had been given the opportunity to enhance and develop his EI skills? What if he came into that difficult meeting armed with the ability to manage his emotional reactions?

His thoughts and feelings would probably run along this track: “What is this?!! That’s ridiculous! I feel blind-sided. I’m feeling angry and resentful. Hmm...that’s not good for me or this conversation. What’s a more effective response than getting upset and angry? Confidence...learn what you need to in order to figure this out. What do I need to know about this?”

So his conversation with the VP might have gone something like this:

Peter “Do your target demographics match up with our typical customer?”

V.P. “Yes, we think they do.”

Peter “Could you send me your target demographic info and a proposal of what you would accept for our brand logo on your web site? Oh, and I need to know the figures for the number of hits for each web page we would be shown on.”

V.P. “Yes, I can do that.”

Peter “Good, I will arrange to have my advertising team look at it early next week.”

Did Peter wimp out? NO! He didn’t rage, and he didn’t demand the \$100,000. He didn’t suppress his emotions, either. He transformed them *in-the-moment* to help himself think more clearly. He didn’t commit to the new proposal. He asked for more data, and said he would consider it. He left the negotiating open-ended, and yet didn’t stall the product launch process.

By managing (that is, choosing) his emotions and handling a difficult situation smoothly, he strengthened, rather than weakened, the business relationship and communications. The product still has a good likelihood of being launched on time, having a positive impact on income and on perception in the market place. As an added bonus, Peter’s reputation and career potential would be greatly enhanced.

Get Smart — Types of Intelligence

Most of us spent the first 20 years or more of our life getting formally educated. Unfortunately, even if you have an MBA or other advanced degree, your education was probably incomplete. It’s not your fault, but it’s up to you to recognize and correct the deficiencies.

Howard Gardner of Harvard University suggests that there are eight types of intelligence. Typically, in school we spend lots of time developing our logical/mathematical intelligence, and our linguistic intelligence. (Reading, writing and arithmetic are the core subjects in schools that develop these two types of intelligence.)

Additionally, but probably to a lesser degree, in gym class, we develop our body/kinesthetic intelligence. In art class or shop, we may develop spatial intelligence, and in band or music class, we devote some time to musical intelligence. Science classes may help build our naturalistic intelligence.

While linguistic and logical intelligence are needed for success in life and in business, we also need Intrapersonal (emotional) and Interpersonal (social) intelligence for optimum effectiveness. Unfortunately, we are not formally taught how to develop these critical life skills during the 20 or more years we spend in school. Yet these skills are key determinants of our success in life.

Because we never get real training in intrapersonal or interpersonal skills, we pick them up haphazardly, perhaps by watching others or through hearsay. We learn EI the way some us learned about sex, on the street, whispered by friends who were only slightly less ignorant than ourselves. We may have a bit of information, but it’s mixed with misinformation.

We could all benefit from a formal training program that would enhance and develop our intrapersonal skills, that is, how well we understand ourselves and our emotions, and our interpersonal skills, that is, how we relate to other people. It's not that we are flawed or defective, it's just that we haven't been taught efficient and effective methods for improving our emotional intelligence.

What is Emotional Intelligence?

Emotional intelligence is your ability, either innate or learned, to acquire and apply knowledge from your emotions and the emotions of others. Using this information, you can make better decisions about what to say or do (or not say or do, as in Peter's case) in any given situation.

"Emotional competence is the single most important personal quality that each of us must develop and access to

experience a breakthrough," wrote Doug Lennick, Executive VP American Express Financial Advisors, in *Fast Company Magazine's* June 2000 issue. "Only through managing our emotions can we access our intellect and our technical competence. An emotionally competent person performs better under pressure."

In his best-selling book *Emotional Intelligence* (Bantam, 1995), Daniel Goleman first cited the five key competencies of EI: emotional self-awareness, emotional self-regulation, emotional self-motivation, empathy and managing relationships. These build logically upon each other.

Emotional Self-Awareness

Goleman defines emotional self-awareness as "having a deep understanding of one's emotions ... how your feelings affect you, other people and your job performance."

"I Was So Mad I Couldn't Think Straight!"

Been there, done that, right? Anger or frustration crowds your consciousness, and rational thoughts seem impossible.

You're not imagining things. Medical research shows that our thoughts and feelings have marked immediate physiological effects. Our emotions and our rational thinking are linked to the body by our Autonomic Nervous System (A.N.S.), which causes biochemical changes in our bodies, powerfully affecting not only our body but also our ability to think clearly.

For example, imagine you're working hard on a project that's under a tight deadline. You're waiting for your direct report to e-mail you a key report, without which your part of the project won't make sense. You check your e-mail in-box and the report is not there yet. The deadline's looming, you're getting a bit concerned.

Already, your pulse is up, and you're feeling an emotion: worry. Your phone rings, and it's that direct report. "Mr. Smith, umm, we have a little problem with the report," he begins. "Oh, shoot," you think, except you don't say shoot.

You're in deep weeds and you know it. You perceive this as a threat to your security (even if you don't say that to yourself), one of perhaps more than a few crises in your busy day. Depending on how important the report is, you may experience frustration, anger, fear or a mixture of these emotions.

But it is not the event of a missed deadline that creates the emotions — it is your perception of it. That perception creates thoughts and emotions. Whether or not you are able to label the feelings, they spark immediate physiological changes. These include increased adrenaline, heart rate, blood pressure, and cortisol (the stress hormone).

Emotional responses often are triggered in a part of the brain called the amygdala. One important function of this part of your brain is to compare incoming sensory information, what we see, hear, feel, taste, or smell with emotional memories, to determine if what's coming in is a threat to you. If there's a match, the amygdala signals the rest of the body to act, before you can actually think about it.

For example, imagine you are walking through a park, when suddenly you jump to the right. As your eyes look down to the left the thought of a snake enters your mind. A second later, you realize what you are seeing is only a broken tree branch on the ground. Your rational mind tells your body that the threat is only imaginary. But your body, responding to the signals from the amygdala, has already jumped away.

In this way, the amygdala acts as a sort of gatekeeper, making instantaneous, unconscious



decisions about all incoming sensory data to protect you.

The amygdala links our emotions to our nervous system in a powerful way. If you feel threatened, that

power allows this little part of your brain to "hijack" the neural pathways, triggering an emotional response before the higher brain centers even receive the sensory information. And the feeling of being threatened, whether it's a threat to your physical safety or a symbolic threat, like a threat to your self-esteem, security or dignity, triggers emotions like anger, frustration, anxiety and fear.

In other words, you literally can't think straight because the rational parts of your brain have not received the sensory information before you act.

It also affects your ability to perform physical acts. Have you ever hit a bad golf shot and gotten mad at yourself? What typically happens on the next shot? Another bad shot!

Beyond that, what we perceive causes biochemical reactions that affect our physical energy, our mental clarity, our emotional balance and personal effectiveness. All of which play a part in rational thought, communication and problem solving.

So how can you avoid a "hijacking"? By improving emotional intelligence skills.

Peter's self-awareness allowed him to label his feelings when the terms of the deal changed. From there, he moved on to the next competency.

Emotional Self-Regulation

This is the ability to step back, to "hit the pause button" in the middle of an emotionally charged situation. Goleman writes that self-regulation "frees us from being prisoners of our feelings."

Peter's realization that spewing his anger and resentment wouldn't benefit him or the conversation was self-regulation. He did an emotion check and stopped before saying anything. He sorted through his feelings before saying a word.

People who can do this well create a climate of trust. They're able to suspend judgment, seek information and listen for meaning. The self-regulated leader enjoys long-lasting, loyal relationships with staff and clients.

Emotional Self-Motivation

Self-motivated people not only know what they are feeling, they can transform their anxiety or negative emotions into positive emotions and actions. They can call up feelings of confidence, optimism and enthusiasm.

After taking a split second to figure out and regulate his emotions, Peter took action. He asked questions, then made decisions about what he wanted to see happen. He chose a response that allowed him to remain in control of himself, and of the situation.

Empathy

Once a foundation of the first three competencies (which are all intrapersonal skills) is established, EI begins to influence a person's interpersonal interactions.

From a traditional business perspective, empathy may seem inappropriate or unnecessary. However, in today's economy, where teamwork, cross-cultural sensitivity and coaching and mentoring are essential, empathy is a core skill.

Ed, the furniture company president we mentioned earlier, observes, "Demonstrating empathy and understanding can certainly build employee loyalty."

"If you're not having empathy ... you can be setting yourself up for trouble," said Mike Thieneman, (Executive Vice President North America for Whirlpool Corporation).

Peter asked some questions of the VP that got conversation rolling, that kept negotiations open, that considered the VP's perspective (he may have promised the \$100 K without proper approval and then had to scramble to come up with an alternative).

Managing Relationships (Social Skill)

This final competency combines sincere care and friendliness with a purpose. To manage relationships effectively, leaders must understand and channel their emotions in useful ways, be motivated to take positive action and exhibit empathy toward others.

Rather than trying to manage or manipulate relationships, this is about setting a positive tone of cooperation no matter what the circumstances. It can help all sides find common ground where collaboration can lead to movement in the desired direction.

Peter kept his business relationship intact, and in fact, strengthened it. He created a win-win situation by not exploding.

An Inside-Out Job

Emotional competency is an inside-out job. It starts with one's self: developing the intrapersonal skills. The more skilled a leader or manager is at emotional self-awareness, emotional self-regulation and emotional self-motivation, the easier it is to pick up on the subtle social signals of others and be empathetic. Effective interpersonal skills depend largely on developing effective intrapersonal skills.

Outstanding leaders are often said to have "good people skills." But the person they are most skilled at handling is themselves. You might be thinking, "So what? How important is EI?"

"When I compared star performers with average ones in senior leadership positions," Goleman writes, "Nearly 90 percent of the difference in their profiles was attributable to emotional intelligence factors rather than cognitive abilities."

Goleman went on to write "David McClelland found that when senior managers had a critical mass of emotional intelligence capabilities, their divisions outperformed yearly earnings goals by 20 percent. Division leaders without that critical mass under-performed by almost the same amount."

The good news for leaders is that all of these competencies can be systematically learned, enhanced and developed.

What EI is Not

EI is not about "getting emotional," or "being soft." It's about being smart in a new way. It's not just about how to "calm down." If you want to "calm down," take a nap. It's not about denying or stuffing your emotions, keeping a stiff upper lip. Rather, EI is about how to transform negative, draining emotions so that you can think clearly and take action in the moment.

The more developed your EI skills, the less likely you are to wake up in the middle of the night and say, "Ah ha! I should have said this." Developing your EI skills helps you to have that "ah ha!" in the middle of an emotionally volatile situation, and enables you to act on it in the moment.

Effective leaders need to not only motivate themselves but motivate others. High EI skills can make leaders more effective at getting people to follow them. An emotionally intelligent leader is simply one who pays attention to other people and sincerely cares about them and their families.

"I've known people on my team were going through very difficult problems at home," said Ed, the furniture company president. "Without asking them about it, without a long discussion of the details, I've just told them, "Look, if you need to

get out of here for four or five days, why don't you and your wife go off somewhere?" or, "You really need to spend the evening with your kids."

As a leader, you may say, "Now why would I want to be so soft? Won't people see it as a weakness and take advantage?"

Ed has found just the opposite to be true. "Just being sensitive to people like that can build tremendous loyalty," he says. "That's when people bend over backwards to help you."

When one of his staff is traveling for two or more weeks, he phones their spouse and asks, "Is everything all right at home? Is there anything we can help you with? We know that John's gone." And when someone on his staff celebrates a five or ten-year service anniversary with the company, he sends flowers to the spouse to thank them and recognize their part and support. It may sound a bit extreme, more than is necessary. Maybe. But as you read this, don't you find yourself feeling like this is a leader you would want to work for?

"Being sensitive to people can build tremendous employee loyalty. Loyalty is critically important because of the tremendous competition in today's market for qualified people."

Results

You can't just hand everyone in your organization a copy of an EI book and expect immediate transformation. But investing time and resources in EI training can help improve personal productivity and have a positive impact on the bottom line.

In a case study done by Alan Watkins, MD of Hunter Kane Resource Management, managers and board level executives at a major oil company were trained to improve their EI skills. More than just their business relationships benefited:

- Before the training, participants reported feeling "anxious" an average of 42 percent of the time. Six weeks post-training, the participants reported that they felt anxious only 13 percent of the time. The numbers stayed steady at a six-month follow-up.
- Reports of sleeplessness dropped from 25 percent of the time to 10 percent of the time, following the training. Well-rested executives have more energy and can think more clearly.
- Perhaps most remarkably, the group of participants saw a significant drop in their blood pressure as a result of the training. Prior to the training, the average blood pressure of the participants was 132/84. Six weeks after the training, the average had dropped to 123/79.

According to Dr. Watkin's report, "This level of blood pressure reduction, if repeated in a large clinical trial, would reduce the incidence of stroke by approximately 60 percent."

Another study at a Fortune 100 company yielded similar results. Prior to an EI training program, 26 percent of the participants were hypertensive; six weeks later all had achieved normal blood pressure, without changing diet or medication.

Even more remarkable was the change in those executives tagged at the onset of the training as exhibiting the highest stress. Their desire to leave the company and desire to quit their jobs declined by 44 percent and 52 percent respectively. Retaining talented leaders is critical to success.

While some of these things are hard to quantify, the bottom line is that people who have been trained to improve their EI skills are getting more done in less time and feeling less anxious and more fulfilled in their work.

Why Improve Your EI Skills?

"It's the responsibility of leaders to really care for their people," said Harvey Jones, whose clothing company has grown 68 percent in the five years since it went public. "I think to be a good manager, you have to be empathetic. You have to put yourself in the shoes of an employee and say, 'I'm you and I've got all these dreams and aspirations and I want to find a career path here. And at the same time, I like this company and I

want to do great things for it.'" Then, you have to ask yourself, "How do I empower this person? How do I give them the rope to go?" So empathy is very important."

Because of the tight labor market, which is expected to continue for the next 10 years, employees find that they can demand not only competitive pay and benefits, but also a culture that will support them and bring out their best. Emotions give meaning to work, and if people are going to be working hard, they want to have meaning.

Leaders with EI skills help their companies attract and retain qualified people.

"There aren't enough people here to go around to be hired by all of the emerging tech and dot-com companies. So our people have to be good managers to be able to hang on to our staff in an environment like this," said Jones. "And if we have departments or managers that dispirit our employees, they've got a lot of options and we're very sensitive to that. I think that affects our organizational culture. People want to work for good companies. Young people are coming to our company with values that are good values."

"I think the leader's emotions are what sets the environment," said Mike Barron, director of employee and professional development at Whirlpool Corporation.

Being sensitive to people can build tremendous employee loyalty. Loyalty is critically important because of the tremendous competition in today's market for qualified people.

"During my career, I have watched trusted, loyal, empowered, thinking employees become 100 percent cynical," said Elizabeth Smith, the power company VP. "They have observed the gap between what the leaders say they want, what a company advertises itself as being, and what they recognize to be true."

Next Steps

If you want to get started at enhancing your EI skills, one of the best places is to work on improving your skills in the first EI competency, developing your emotional self-awareness. A simple, quick and effective way to do that is to note this question in your dayplanner and ask it of yourself several times a day at different times, "What am I feeling right now?" Of course to answer this question you need to develop your vocabulary of feeling words. (See sidebar.) Using that knowledge you gain from your emotions, decide what you should say or do (or not say or do) next. Use that information to help you make the best decision you can make.

For example, if you are in a meeting and you are feeling frustrated with the fact that a product launch is going to be delayed by two months, you might want to choose your words and their emotional flavor carefully, lest you shutdown the

product team and discourage them even further. Of course the real challenging part of developing EI skills is to learn how to quickly and effectively transform negative draining emotional reactions into positive proactive ones *in-the-moment*.

BYRON STOCK, a former engineer and director of corporate education, guides individuals and organizations toward excellence by showing them how to use their emotional intelligence as a powerful tool to achieve strategic objectives, lead change, and improve organizational culture. Byron is best known as an international speaker and seminar leader, teaching people to achieve immediate, significant, and sustainable improvements in mental clarity and personal productivity. To discuss this article, email Byron at Byron@ByronStock.com.

What Am I Feeling?

Want to raise your EI? It's an attainable challenge. Begin with the first competency, self-awareness. Don't ask yourself, "How am I feeling?" because that question is too easily answered with a meaningless "fine," or "good."

Rather, ask yourself, "What am I feeling?"

If you're not sure how to answer, you're not alone.

"One of the things I had a little difficulty about when I first started thinking about Emotional Intelligence is, 'What is an emotion?' It's not real clear," said Mike Barron, director of employee and professional development at Whirlpool Corporation. Other business leaders were equally uncertain.

There are literally hundreds of different emotions that human beings experience, as they do their work and interact with other people and with the world around them. Emotions fall into six basic categories, which can be remembered by the acronym "HEARTS."

Happy: Most of us understand what it means to be happy, or remember a time when we felt happy. But happy feelings can range from feeling amused or pleased (for example, with a job well done) to optimistic or glad (about a deal coming together) to committed or even joyful (about a big promotion).

Excited: When we are mildly excited, we may feel curious or alert. As our excitement increases, words like focused or courageous may be an appropriate answer to our "What am I feeling?" question. Intense excitement may make us feel bold,

powerful, strong or even invincible. When a person is filled with excitement, we say they are passionate.

Angry: This is an emotion that many people experience at work, especially in high-pressure situations. Knowing that you are feeling angry doesn't mean you should express that emotion by raging, but rather, you should practice self-regulation and choose a more positive, proactive emotion. But first, you have to recognize the anger. Is it merely that you are annoyed or indifferent? Or is it a stronger feeling, say of impatience or agitation? Perhaps it is extreme anger that could be described by terms such as hostile, aggressive or furious.

ScaRed: Often, if we feel scared, we don't want to admit it, so we exhibit anger right away to cover it up. But if we feel anxious or uncertain, those are fearful emotions. If our fear grows, it may become insecurity, pessimism, or feelings of vulnerability. When we are extremely scared, we may describe our emotions as worried, threatened, or even paranoid.

Tender: When we are feeling calm, cooperative or supported, we are feeling tender. If someone helps us out, we may feel even stronger feelings such as hope, gratitude or thankfulness. High intensity tenderness evokes feeling compassion-

ate, inspired or relieved.

Sad: We may think we know when we are sad, but it helps to have words that are more specific. At one end of the spectrum, we may feel simply dull, bored or melancholy. If the problem we are facing is bigger than that, we may feel discouraged or guilty or misunderstood. We experience extreme sadness when we feel betrayed, defeated or even worthless.

Self-awareness is not an end in itself. We don't just want to label our feelings and stop there. Emotional self-awareness prepares us for the next EI competency, emotional self-regulation. How can we use what we know about what we're feeling to make a decision about what to say or do, what to not say or not do? Or, how can we choose a different, more productive emotion? That's the next step in developing your emotional intelligence.



Abridged version published in *Training Today*, May/June, 2001.