

## Emotional Intelligence: The most important strategy you may be missing

# wmcnews

W E S T E R N M A N A G E M E N T C O N S U L T A N T S

*WMC recently completed research with 22 senior executives from 12 companies on the role of emotional intelligence (EI) in the Canadian research and development pharmaceutical industry, and the results were eye opening! We concluded there is a real risk that many companies are **missing the boat on a genuine opportunity to gain a competitive edge.***

*Most Pharma executives understand what emotional intelligence is. Many agree that it is important to business success, and even to their bottom line. However, this is rarely translated into strategies that improve the emotional intelligence (EI) of their leaders, or the engagement and alignment of their employees. Too often, EI is dismissed as a "soft" skill, secondary to "hard" skills like intellect, analytical or technical skills or business acumen. While these are undeniably important, we contend that without an equal, **explicit and specific** focus on EI, many Pharma companies are ignoring a means to achieve a significant competitive edge.*



social awareness and relationship management. Goleman is the author of Emotional Intelligence, Primal Leadership and several other books on emotional intelligence.

**Defining EI is one thing** but dealing with emotions and focusing on it in the workplace is quite another. We sense it's too personal and self-revealing and thought of as somehow not appropriate, especially in cultures that are hard driving and focused mainly on quantitative results. There's an assumption that you can't measure EI and its impact on the bottom line, so you should stay away from it.

## THE **reality** OF EI

We set out to substantiate the claims made by researchers in emotional intelligence that EI is more important for business success than IQ, and that high EI leaders positively impact the bottom line. For the most part,

respondents can define emotional intelligence quite readily. Many executives used words similar to Daniel Goleman's model of emotional intelligence. It includes the four quadrants of self-awareness, self-management,



Others feel intuitively that emotional intelligence does impact the bottom line and see a need to measure this so they can make the business case. However we found no direct evidence of this except one very compelling example. David Simmons, V. P. Marketing of Pfizer Canada, shared a European experience: his employer conducted a survey correlating sales force engagement (emotionally and intellectually committed) with market share in different companies. The survey demonstrated that companies with high sales force engagement had a larger market share.

## EI and IQ

**Our research also addressed the relative importance of IQ and EI.**

We learned that executives in the pharmaceutical industry see themselves, their managers and peers as being quite high in IQ and not as high in EI. We averaged the perceived IQ ratings of the interviewees' peers and superiors by throwing out the lowest and the highest scores, and not surprisingly, came up with a fairly high 8.2 out of 10. In EI using the same process, we came out with a 6.4 average.

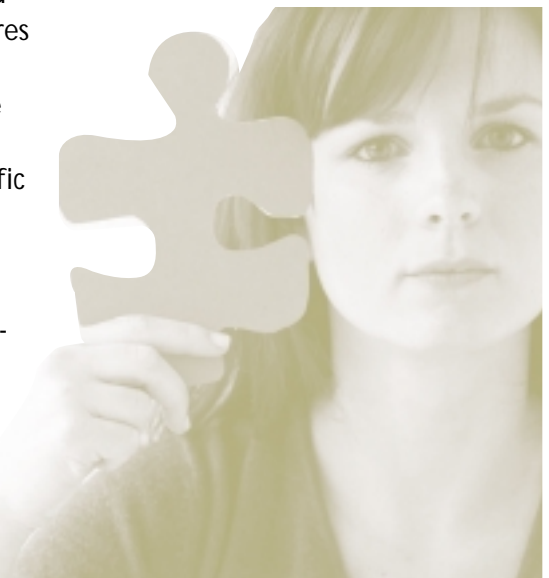
It's clear that a high IQ is needed as an entry requirement into the pharmaceutical industry, and that those lacking it are quickly weeded out. However it is also clear that many executives have committed career suicide because of their lack of emotional intelligence, and their unwillingness or inability to do anything about it. We suggest the business case for EI could well be made just on the cost and impact of executive derailment. There are many stories about executives who were fired, sidelined or isolated because of lack of EI.

We are struck by the almost universal acceptance that lack of EI derails executives, and the fact that a number of respondents have not made the leap to the corollary conclusion that having EI is a key factor to success. They may feel that emotional intelligence is like money, a university degree, or personal hygiene - it only matters if you don't have it. This again ignores the opportunity. Yet we are particularly heartened to have interviewed several cognitive executives, with strong scientific backgrounds, who had also developed their emotional intelligence to become highly skilled, accomplished and well-rounded leaders.

Very few organizations have explicitly identified emotional intelligence as a fundamental

competency. EI may be implied in leadership competencies models, and may be evaluated indirectly through 360 feedback processes and employee attitude surveys. Coaching and training on some emotional competencies may be part of an overall leadership development. In our view, these measures are still not adequate.

The net effect of all of this is that emotional intelligence is trivialized and not seen as a true strategic opportunity. The easy reference to any competency that is not technical or functional as a "soft" skill is problematic because it diminishes its importance. Expressions like *"all the soft skills"*, *"that's a little too soft for us"*, and *"it's hard to measure that soft stuff"* relegate emotional intelligence to the nice to have, but not imperative. "Nice" is not a competitive tool for improving business. We assert that emotional intelligence is.



# Why is EI so IMPORTANT?

Like it or not – we are emotional beings and emotions drive behaviour. We may believe that we should check our feelings at the door when we arrive at work, but we simply don't. We work hard at expressing, controlling, analyzing, denying or repressing our feelings, and we may try to manipulate or orchestrate the feelings of others, especially at work. But the fact remains that the emotions and emotional capabilities of our leaders create the cultural environment that either supports or diminishes success. Employees take their emotional cues from their leaders.

The role emotions play in decision-making is underestimated. We may believe that business decisions are based entirely on logic, and that is sometimes the case, but they are more often rooted entirely or in part in emotions. Daniel Kahneman, a Princeton psychology professor, earned the 2002 Nobel Prize for Economics. His studies prove that people make decisions first for emotional reasons, second for rational reasons – from what to buy or sell, what job to leave, how we treat customers, how collaborative we're willing to be, and so on. Anyone who doesn't understand that emotionally driven decisions impact our companies' bottom lines will pay a price. And since emotions drive the decisions of our colleagues and customers, it is critical that we identify both our own emotions and those of others.

## EI The case for business



We all recognize that the pharmaceutical industry is a cognitive one dependent on great scientific minds for enhancing, positioning, and monitoring products properly. There's no question that Canadian R & D pharmaceutical companies are sales and marketing driven by the need for immediate results. It is against these two dynamics that many participants expressed their interest in examples of how to make the business case for EI. Unfortunately, we found no examples in the Canadian pharmaceutical industry but we know that they exist in other business sectors. What we did find is a wealth of examples of

specific executives turning around or enhancing performance through coaching and a focus on their own emotions and others. Here is our favorite – a great success story.

*Dr. Daniel Billen, President of Amgen Canada, is a scientifically trained executive who moved into sales and marketing and then led a high profile start-up in Canada. He was known as results-oriented and successful, but also task oriented and emotionally detached. As his career progressed and he became aware that EI is important and that the words and actions of a leader are relentlessly scrutinized – his self-awareness*

*increased. When he moved into the start-up role, he saw it as an opportunity to create a new, high performance culture. Clearly this person comes at emotional intelligence from an analytical point of view, as opposed to an intuitive approach, but whatever the approach, it works! He created a leadership team and culture that respects the role EI plays in making the company competitive. "The only variable I have is people: the products are not invented here and the budget is given to me. It's people who make the difference."*

He understands the competitive advantage of emotional intelligence, and puts it to work.

# HOW TO DO IT **BETTER**

*If you are interested in using EI as a competitive tool try the following:*

- Hire coaches to work with leaders and potential leaders to improve EI.
- Use 360-degree feedback to specifically assess emotional intelligence.
- Incorporate understanding of the need for EI in your corporate culture.
- Craft individual development plans that include the development of EI.
- Use EI assessment tools and questions for hiring.
- Step up to the importance of feelings in business and the workplace.
- Conduct employee satisfaction or climate surveys that explicitly include emotional intelligence.
- Understand that learning EI is experiential, not cognitive. It takes longer.
- Make it clear that promotion into leadership requires emotional intelligence.
- Get over the obsession with finding a way to empirically measure the impact of EI on the bottom line.



In a global environment and competitive marketplace moving at the speed of light, organizations that can empathize with customers, collaborate with stakeholders, and create innovative solutions will take the spoils. But this requires leaders who recognize and capitalize on EI as a competitive strategic tool to build high performance cultures, ensure high employee engagement and commitment, and provide inspiring leadership.



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