

# Can EQ and RQ Yield Quantitative Results in the Workplace?

## The Financial Benefits of Corporate Family® Leadership Development

### As a leader, do I...

- Manage my personal life effectively?
- Manage all of my interpersonal relationships at a high level?
- Realize that my team members and Corporate Family® members are my first customers?
- Have a specific plan to integrate all aspects of my personal life (family, friends, finance, fun and fitness)?
- Have a specific system to manage professional conflict that holds everyone equally accountable to the principles of our corporate culture?

These are some of the skills that high level leaders require in order to be successful in the workplace. A key question often asked by top executives in regards to Corporate Family® Leadership Development is *“What financial benefit will this type of strategic training have on my professional life, my team members’ abilities, and our company?”* This questioning is critical - especially given the demand on each dollar spent in today’s economy.

Yet the answer is surprisingly clear across the board: ***Strategic Corporate Family® Leadership Development does have positive financial benefits for corporations in a competitive, global market.***

In recent years, researchers\* have analyzed data from approximately 500 competence models in companies worldwide (including IBM, Lucent, PepsiCo, British Airways, and Credit Suisse First Boston), as well as from healthcare organizations, academic institutions, and government agencies. To determine which personal capabilities drove outstanding performance within these organizations, they grouped capabilities into three categories:

1. Purely technical skills, such as accounting or business planning
2. Cognitive abilities, such as analytic reasoning (IQ skill sets)
3. Traits showing emotional intelligence – also called emotional quotient (or “EQ”), such as relationship and self-awareness skills

These researchers asked senior managers to identify the competencies that distinguished the organizations' most outstanding leaders. They also used a more rigorous method in which analysts asked senior managers to use objective criteria, such as a division's profitability, to distinguish the star performers at senior levels from the average ones.

After analyzing the data from hundreds of competence models, dramatic results were uncovered. In particular, outstanding leaders revealed that "EQ" competencies played an increasingly important role at higher levels of their organizations. In other words, the higher the rank of those considered "star performers," the more EQ skills emerged as the reason for their effectiveness. **When researchers matched star performers against average ones in senior leadership positions, about 85% of the difference in their profiles was attributable to emotional intelligence factors rather than to purely cognitive abilities or technical expertise.**

To get an idea of the practical business implications of these competencies, consider an analysis of the partners' contributions to the profits at a large accounting firm. If the partner had significant strengths in self-management competencies, he or she added 78% more incremental profit than did partners without those strengths. Likewise, the added financial impact for partners with strengths in social skills was 110% greater. Those with strengths in self-management competencies added an amazing 390% incremental profit – in this case, \$1,465,000 more per year. Analytical reasoning abilities alone, however, added just 50% more profit to the firm.\*

Time and time again, research about successful companies reveals that **improving the Corporate Family® leadership skills of executives dramatically impacts the overall health of the business – and this includes its profitability.** By specifically targeting skill sets – especially those involving emotional intelligence - teams can learn how to work more effectively and efficiently in order to truly compete in today's global marketplace. This improved "relationship quotient" (what we call RQ) between team members will always lead to better business.

(\*Daniel Goleman, Richard Boyatzis, and Annie McKee, authors of *Primal Leadership* – adapted and edited by LEADon, Inc.)

## So what do EQ and RQ have to do with our "bottom line"?

When our LEADon® team works with executives, we routinely ask them the following question: "What percentage of your professional time do you spend working in the technical areas that brought you to this industry versus the time you spend on people-related issues that frequently occur throughout your day?" Across the board, the percentage breakdowns – no matter the industry, region or size of the organization – are amazingly similar!

**Most executives respond with an answer that ranges between 30/70% to 20/80%! That's 70 to 80 percent of their professional time applied in non-technical areas as opposed to their area of expertise that got them to top level leadership.** This means that a large portion of many leaders' days are spent interacting with people, helping to resolve interpersonal issues (including conflicts in the workplace), and making connections with individuals who are important to current or future business. **Take a minute to think about your personal experiences in leadership. Would you agree with these statistics?**

The dilemma for many in leadership today is that they are highly experienced in dealing with the technical aspects of their industries and organizations – yet little time was spent in colleges, universities, business and technical schools addressing the "people portion" of a real workplace.

**At LEADon we help leaders learn how to analyze their personal levels of "EQ" (emotional quotient – as opposed to IQ). We base this leadership strategy on five main concepts:**

1. Relationships are the center of the universe – without "relationship" nothing we do personally or professionally will truly matter.
2. Your fellow team members (other leaders) and your employees are your first customers – regard – less of your industry.
3. Your EQ can be improved over time by implementing new skill sets in your life. This eventually develops into an improved "relationship quotient" (RQ) as you interact in new ways with those around you!

4. As you create and implement a specific plan to bring balance to your life (for example – family, friends, finance, fun and fitness), this balance will carry over into your professional life as well.
5. As the EQ level of your company grows – beginning with you, then cascading throughout your teams and on to your customers – so will your productivity and profitability.

You – like most of your employees – entered your industry with varying amounts of “technical skills” as well as EQ/RQ skills. Yet, as research reveals, the time spent on interpersonal interactions with others in the workplace is much higher than most leaders realize. It makes sense to develop the skills necessary to improve these critical areas of corporate life – especially when they will also pay off in immeasurable ways beyond your company’s bottom line!

## “The Magic”

An executive team called us a few years ago in desperate need of help. The leaders were distressed because they were losing hundreds of thousands of dollars on their international project. This financial crisis would soon be headed toward the million dollar mark if an intervention didn’t occur – and fast!

Once our LEADon® team was able to sit down with these leaders, the underlying problems quickly became evident. The expertise of the individual executives was not being utilized correctly, and they had a serious lack of communication with the team. In fact, they had become so compartmentalized and fractured that they had even begun to undermine and sabotage one another. They had actually started to create their own schedules for the project rather than respecting the overall needs of the team.

These presenting business problems were serious, but so were the personal aspects of the failing group. Many of these executives also had health problems that had been increasing as the project went along. The stress level of the team members was escalating right along with the project’s budget.

LEADon® helped these executives identify the bad habits they had been exhibiting for some time and taught new Corporate Family® leadership skills sets to improve communication and deal with interpersonal conflict – both in their professional as well as their personal lives. We were able to hone in on the key technical skills that these executives needed to focus on while at the same time guiding them on a pathway to improved EQ/RQ levels. The chaos soon turned back into a competent, cooperative working culture. In fact, by the end of the project, their efforts resulted in a profit of several million dollars.

## Steve Wilke, Ph.D.



Dr. Wilke and his team at LEADon® have dedicated themselves to equipping executives as well as Corporate Family® members and leaders of all types in order to improve their performance through internal and intentional leadership. In particular, Dr. Wilke assists companies that want to enhance their corporate culture and equip employees with the Corporate Family® leadership skills necessary for success in today's global economy.

The author of several books, Dr. Wilke also serves as a media consultant on Mental Health and Leadership issues. He resides with his family in Southern California.

## Jared Wilke, Psy.D.



Jared Wilke, Psy.D, is a clinical psychologist who has worked in multiple roles with the LEADon® Team over many years including the Director of Social Media, facilitated research and development of our products and now adds the role of consultant as a Principal of LEADon Inc. He continues to hone his expertise in the disciplines of psychology and leadership with his work coaching and mentoring executives and leaders, developing high performing teams and corporate families. Equipping others to realize and reach for their potential and to exceed expectations are among his primary objectives. In addition, his publications and professional presentations include his work with the Corporate Family® Model of Leadership Development. Dr. Wilke has a private practice in Southern California where he assists families, couples, and individuals.

Founded in 1998, LEADon® is a highly respected organization focusing on improving executive, team, and corporate performance through internal and intentional leadership.

The LEADon® team includes professionals with expertise in Individual, Organizational, and Systems Psychology, Psychological and Organizational Assessment, Educational Leadership, Business and Management, Law Enforcement, and Non-Profit Organizations.

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