The Leadership Journey: The Role of Emotional Intelligence

Paul Power PhD
October 17, 2002
Agenda...

• Context: *The Leadership Development Imperative*
• Leadership Effectiveness Framework
• Journeys in Leadership Development: *Case Studies*
• Discussion
“Executive leadership is a key source of competitive advantage… it should rank in a company’s top five strategic priorities”
(M.W. McCall, 1992)

“Leadership development and succession planning will be the priority issues of the next decade”
(Jay Conger, 1999)

“This much is certain: The old-economy model of leadership is obsolete. These days, the creation of a vibrant network of grassroots leaders may be the most important - as well as the most difficult - aspect of developing the art of leadership”
(Fastcompany, 1999)
“Transformational, or socialised, leadership is directed toward the service of collective interests, where leaders acknowledge the need to understand and show respect for their followers, attempting to motivate them through reason and emotional appeal.”

(Bruce Avolio & Bernard Bass, 2002)

Each and every leader, can become much more effective by focusing on a small number of core aspects of leadership and by developing a new mind-set about the leader’s responsibility to herself or himself and to those with whom she or he works.

(Michael Fullan, 2001)
Why We Need Leaders:

What Recent Surveys Are Telling Us:

- More than 50% of employees lack the motivation to keep learning and improving
- 4 in 10 people cannot work cooperatively
- Only 19% of entry-level applicants have adequate self-discipline for their jobs
What Our Clients Are Telling Us:

• Critical shortages of leadership capability
• Competition for top talent
• Leaders not behaving differently despite years of development programs
What is Leadership Development?

Developing outstanding leadership capability is all about *personal and professional transformation* that will create value for the leader, the team and the organization.

We develop as leaders when we are ready and willing to *make the hard changes in ourselves*.

Leadership development happens when people realize it’s as much about their own personal lives as it is about their organisational role.

Leadership development is an inward journey that *must engage the heart as well as the head* - it is a call to growth in ourselves and in our relationships.
Leadership: From the Inside Out

STAGE I: PREPARATION

Leadership: From the Inside Out

STAGE II: TRANSITION

STAGE III: TRANSFORMATION

Understanding and Managing Self

Understanding and Managing Others
STAGE I: PREPARATION

- Answering the call
- Discovering one’s passions
- Developing the skills for learning
- Taking the first risk - “Crossing the threshold”
- Finding a mentor and guide
- Seeking companions for the journey
- Establishing a road map
Stage II
Transition

- Embarking on the “road of trials”
- Facing the greatest personal challenges
- Shifting paradigms and thinking differently about self
- Incorporating new behaviours
Stage III: Transformation

- Coaching and Contributing to others
- Consolidating change
- Providing vision and energizing others
- Aligning levers for sustained change

STAGE I: PREPARATION
STAGE II: TRANSITION
STAGE III: TRANSFORMATION

Understanding and Managing Self
Understanding and Managing Others
HayGroup’s Four-Circle Model of Organisational Performance

Leadership Effectiveness

- Individual Characteristics
- Job Requirements
- Leadership Styles
- Organisational Climate

Organisational Performance
Research has shown *28% to 30% of the variance in* business results *can be explained by differences in* organisational climate.

<table>
<thead>
<tr>
<th><strong>Flexibility</strong></th>
<th>No unnecessary rules</th>
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<tr>
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<td>New ideas are accepted</td>
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<table>
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<tr>
<th><strong>Responsibility</strong></th>
<th>Authority delegated</th>
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<td>Accountable for outcome</td>
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| **Standards** | Emphasis on performance |
|               | Challenging/attainable goals |

| **Rewards** | Good performance recognized |
|             | Differentiated rewards |

| **Clarity** | Expectations clear |
|            | Expectations linked to mission |

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<tr>
<th><strong>Commitment</strong></th>
<th>Proud to belong</th>
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<td>Discretionary effort</td>
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Managerial Styles

Research has shown up to 70% of the variance in organisational climate can be accounted for by the differences in leadership styles demonstrated by management.

- **Coercive** — Immediate compliance
- **Authoritative** — Long-term direction and vision
- **Affiliative** — Creating harmony
- **Democratic** — Building commitment and generating new ideas
- **Pacesetting** — Task accomplishment to high standard of excellence
- **Coaching** — Long-term professional development of others

Hay research...
Job Requirements

To develop effective leaders, an analysis of what the job requires the person to do is critical.

Understanding the job requirements in relation to what a person brings to the job and finds satisfying explains why some individuals perform well in some aspects and find other parts of the job frustrating.
Rarely if ever, do knowledge and skill alone differentiate performance;... What does differentiate performance are a person’s more deep-rooted characteristics.

- Skill
- Knowledge
- Role/Image
- Trait
- Motive
“The capacity for recognising our own feelings and those of others, for motivating ourselves, for managing emotions well in ourselves and in our relationships.”

Daniel Goleman
A Profile of Leadership Effectiveness

Emotional Intelligence

- Self-Awareness
- Social Awareness
- Self-Management
- Relationship Management

Impact on the Organisation
Leadership: From the Inside Out

STAGE I: PREPARATION
- Understanding and Managing Self
  - Leadership: From the Inside Out
  - Understanding and Managing Others

STAGE II: TRANSITION

STAGE III: TRANSFORMATION

Understanding and Managing Self
Understanding and Managing Others
## Leadership and Emotional Intelligence

### EI Competencies (EI Quadrant) vs Frequency Shown

<table>
<thead>
<tr>
<th>EI Competencies (EI Quadrant)</th>
<th>Frequency Shown</th>
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<tbody>
<tr>
<td>Self Confidence (Self-Awareness)</td>
<td>2x</td>
</tr>
<tr>
<td>Self Control</td>
<td>7x</td>
</tr>
<tr>
<td>Achievement Orientation (Self-Management)</td>
<td>2x</td>
</tr>
<tr>
<td>Empathy (Social Awareness)</td>
<td>3x</td>
</tr>
<tr>
<td>Teamwork (Relationship Management)</td>
<td>2.5x</td>
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**Leadership in the Most Admired Companies**

Leadership in the Most Admired Companies
Case Study #1

**Background:** Educational institutions perceived to be underperforming in terms of teaching effectiveness and student learning

**Key Challenges:**
- poor organisation climate: affiliative and democratic leadership styles most dominant
- low morale among teaching staff
- parent dissatisfaction with the schools
- teachers spending more time discussing personal problems than teaching priorities
- ineffective performance management processes
Conducted development program for Principals and their leadership teams:

- Clarity of roles
- Expectations for teaching staff
- Expectations for students
- Mechanisms for reviewing performance

- Facilitated 2 day school leadership development program, with follow-up assistance in the school
Outcomes

• Improved operation of the leadership team: “Speak with one voice”; “Concentrate on priorities”; “Provide coaching and advice”.
• Increased staff discussion of teaching and learning issues
• Perception that teaching is more effective
• Improvement in school climate
Case Study #2

**Background:** Large national bank

**Key Business Challenges:**

- Languishing stock price
- Declining organisation climate
- Introduction of Value-Based Management (VBM)
- No significant changes in management behaviour despite years of training
- Intensifying competition
The Intervention

Intensive Five-Day Managerial Leadership Development Program:

- Integrated emotional intelligence with a current bank-wide initiative
- Intensive business simulation used to apply EI and business skills and demonstrate impact of managerial leadership on climate and business results
- Innovative methods to enhance relationships and deepen learning during and after the program (coaching partners, learning journals, referent groups)
- Executive sponsors played a key role: “Fireside chats” with CEO and senior executives; participation during simulation and debriefings
“I’ve learned that although financial results are important, it is equally important as to how you achieve them - the process is as critical as the end result.”

“I will make sure I think about my feelings and others’ feelings whenever we come together to sort out how we’ll create our future together.”

“This was the most engaging, important, useful experience I’ve had in my 26 years of banking.”

“Thank you for a tremendous opportunity. Most importantly, a great level of my own self-confidence has been restored.”
Background: One of North America’s largest insurance companies

Key Business Challenges:

- Shift from a sales to a marketing organization
- Demand insurance products (auto, home) becoming a commodity
- New technology - e.g. internet changing the need for face-to-face service
- Agents not motivated to sell non-demand products (life insurance)
Developed Agent Competency Model: “What are the key competencies agents need to sell non-demand products successfully?”

• Return on Investment: Agents with 5 or more key competencies sold 248% more annual life premiums than the average

Designed Two Leadership Development Programs:

• Agent Development
• Field Operations Leadership and Coaching
Program Impact

Performance Improvements Follows:

<table>
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<th>Performers (Percentile)</th>
<th>Revenue Increase</th>
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<tr>
<td>50</td>
<td>15%</td>
</tr>
<tr>
<td>70</td>
<td>21%</td>
</tr>
<tr>
<td>90</td>
<td>24%</td>
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- ROI: Each dollar invested in training resulted in $16 of incremental revenue
- Payback on training investment realized in three months
Key Questions

Do we have a clear vision and values?

Is leadership development linked to our strategic goals?

What is the context for leadership development - do we know the right competencies for leadership?

Do we make sufficient use of planned career assignments and personal mentoring?

Do we learn from our own successful leaders - do our leaders take an active and formal role in developing others?

Are we unwilling to accept inappropriate top management behaviour?

Does our organization view social and emotional skills as more important than technical skills to leadership success?
“Effective leaders are alike in one crucial way: They all have high degree of emotional intelligence”

What Makes a Leader
Daniel Goleman, 1998

“It’s bad execution. As simple as that: Not getting things done, being indecisive, not delivering on commitments… The best CEOs are deeply interested in people… it’s all about knowledge and execution.

Ram Charan and Geoffrey Colvin
Why CEOs Fail
The Leadership Journey: The Role of Emotional Intelligence

Paul Power  PhD
October 17, 2002
Best Practices in EI Development

1. There must be an individual plan in place
2. Behavioural change takes time and practice
3. True behavioural change happens when the change helps people achieve personal goals
4. Provide accurate feedback (multi-rater)
5. Ongoing support is vital to change efforts
### Best Practices in Leadership Development

#### Sharing Expert Knowledge
- Professional practicums
- On-line leaders’ forums
- Lunch and learn series
- Web conferences
- External presenters
- Leadership newsletters (e-mail distribution)

#### On-the-Job Development
- Formal mentoring programs
- Planned job movements
- “Coaches’ Corner” (on-line coaching)
- Resource development guides
- CD ROMs; video & audio tapes

#### Formal Learning/Enhancing Self-Management
- Contracting for leadership & learning
- Assessment and feedback (competencies; style, climate)
- Residential leadership development programs
- On-line learning series; virtual classrooms

#### Experimentation
- “Workouts”
- Quality Management Teams
- Simulations
A Profile of Leadership Effectiveness

Emotional Intelligence

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

Social Awareness
- Empathy
- Organizational Awareness
- Service Orientation

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

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

#### How Do Your Leaders Best Learn?

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<td>57%</td>
<td>22%</td>
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<tr>
<td>Formal in-house training</td>
<td>52%</td>
<td>51%</td>
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<tr>
<td>Business school executive program</td>
<td>35%</td>
<td>16%</td>
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<tr>
<td>Off-the-shelf study program</td>
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*“Use A Great Deal”*

*(1999 Fortune - The World’s Most Admired Companies)*

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*Developing Leaders*

*How Do Your Leaders Best Learn?*

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A Continuum of Leadership Interventions

- Self-propelled development (e.g., readings; on-line presentations, informal coaching)
- Individual assessment and feedback (e.g., motives, competencies, leadership styles, climate)
- “Deep Dive” formal learning interventions (including assessment feedback; one-on-one consultations; simulations)
- Sustaining activities (e.g., planned job movements; leadership “communities of practice”; formal mentor assignments; modifications to HR practices)
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