

A PRIMER FOR THE TECHNICALLY TALENTED: GROWING YOUR EMOTIONAL INTELLIGENCE FOR BETTER BUSINESS RESULTS

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What training do CFOs and financial managers typically receive that qualifies them for their position? Technical and financial skills are the backbone of the CFO's toolbox. Yet given today and tomorrow's challenges for financial professionals, accounting and financial knowledge are only part of a requisite skill set. CFOs are tasked with guarding the financial health of their organizations. This requires that they not only know the numbers but increasingly serve as powerful advocates for overall financial decisions and corporate strategy, interpreting numbers into tactics and goals, and understanding how to drive change. And they must communicate good and bad news, opportunities and times for restraint to their CEO's, Executive Committees, Boards, and employee bodies.

How, then, can a CFO, whose education did not focus on developing stylistic flexibility in communication, expand his or her skill set in dealing with a wide variety of personalities and perspectives within their industry and organization?

The key is a construct referred to as "Emotional Intelligence" – a small constellation of key competencies which make the difference between highly performing, creative CFO's and solid, but average performers.

What's the difference between a good CFO and a "superstar performer?" Consider the words of Brantley Barrow, CFO of Hardin Construction: "The CFO is the keeper of the heart of the organization. Everything flows through the CFO's office." This makes it essential that the CFO have the interpersonal skills to confront the hard issues, bring them to the table, and advocate for sound fiscal strategy.

Few financial executives, says Barrow, have received training in the "emotional intelligence" necessary for performance at this level. He adds that an accounting and financial curriculum does not teach the required skills to understand organizational dynamics and influence. These are skills that must be mastered on the job or through professional education.

WHAT IS EMOTIONAL INTELLIGENCE?

What are the Emotional Intelligence skills that can boost CFO performance? The core skills as defined here that make up Emotional Intelligence are:

- Conscious self-knowledge - the ability to recognize thoughts and emotions, strengths and weaknesses as they occur.
- Maintaining appropriate control – the ability to deal with situations without over- or under-reacting.
- Maintaining motivation – the ability to keep a healthy and realistic perspective.
- Recognizing others' interests – the ability to recognize the needs and perspectives of others.
- Communicating with flexibility – the ability to vary your influence style based on the needs of your audience.

These skills, which may seem “soft” on the surface, actually translate into improved performance and a better bottom line. While we tend to think of such skills as intangible qualities that one is either born with or not, our experience demonstrates that executives can develop greater competency in these skills if they know what to look for.

BOOSTING BOTTOM LINE RESULTS: THE BUSINESS CASE

What, then, is the business case for Emotional Intelligence? Barrow states that developing Emotional Intelligence is crucial because “with every problem, there’s a personality attached to it.” Recent research repeatedly points to the presence of “Emotional Intelligence” as a crucial distinction between good executives and star performers. In fact, many executives who are technically talented but lack Emotional Intelligence end up working for those who are less smart and skilled but who have great people skills. In the Executive Development arena, coaches are often asked to help these technical geniuses develop the qualities that will help them develop better management skills and more powerful executive presence.

Also, consider these results: the consulting firm Hay/McBer, in their research on executive success, interviewed hundreds of top executives at global companies, including PepsiCo and Volvo. They found that the only intellectual ability that distinguished star performers from the average performer was the ability to “see the big picture” and pick meaningful trends out of all the data available to them. Close to 90 per cent of their success was attributable to emotional competencies, such as ability to influence, team leadership, self-confidence, achievement drive, and the ability to accurately read situations.

From a benefits perspective, how much more valuable is a top performer from an average performer? This depends upon the complexity of the job. For the most complex occupations, including “C” level positions, executives who were ranked within the top 1 per cent on measures of emotional intelligence performed 127 per cent better than the average executive in a similar position. Research has demonstrated that emotional competency makes a difference even in fields as technical as computer programming, where top performers (who have emotional

competency) outperform average workers by as much as 1000 per cent. Researcher Lyle Spencer described the crucial difference as the top performers' skills in teamwork. They tended to form relationships with their colleagues that were collaborative rather than competitive, focused on building relationships with co-workers and clients, and operated with a good understanding of the needs of others. What would it be worth to your company if your department operated with even 10% more effectiveness than it currently does?

DON'T BE A STATISTIC

What causes high-level executives to fail in their mission? Research on top American and European executives whose careers derailed has repeatedly shown that lack of strong leadership skills and the inability to build well-functioning teams were the most common reasons for their failure. Other factors in executive failure were the executive's problems in hearing and acting on feedback, difficulty changing their style to meet the needs of the organization, and a critical, insensitive communication style. Lack of competence in these "emotional" factors contributed to failure even for bright, technically skilled executives. Barrow has seen these difficulties happen repeatedly within the industry. He cites numerous examples where even highly qualified financial professionals are seen as "outsiders" rather than as valued and respected team members. And he has seen this can result in disastrous financial scenarios. Given your history of experience, what "tough issues" or costly mistakes would have been prevented or more quickly resolved had the players utilized greater "emotional intelligence" and literacy? How would the bottom line impact have been different?

Jeff Platt, CFO of Penhall International, describes the prototypical financial executive as one whose value is measured by the quality and quantity of the numbers provided to superiors. Financial types tend to be "pleasers," he says, and often make the mistake of assuming that others in the organization have the same values and perspectives and talk the same language.

And in the too-oft repeated scenario of the Corporate Emperor's New Clothes, where top leadership fixates on an unrealistic and financially unsupported result, it generally falls to the CFO to point out the brutal realities and naked truth. In such a situation, numbers alone are likely to be insufficient in influencing a corporate culture intent on delivering only good news to the leadership, stakeholders, or board of directors. Note the failures of the recent past, such as MCI and Enron, in which financial professionals often knew about fraudulent practices but were unable or unwilling to stand up against the prevailing corporate culture and stakeholders who insisted on seeing continual growth and astronomical profits despite massive cash outflow.

HOW CAN EMOTIONAL INTELLIGENCE HELP MY COMPANY?

This is where emotional literacy comes in -- the ability to read a situation accurately, muster up the courage and conviction to confront, utilize a communication style that will be truly listened to by the intended audience, and to be able to work together as a team in combining the vision of the company with the financial realities to produce successful results.

Today's CFOs are more on the organizational front lines than ever before. Given the current climate of corporate oversight, auditors are significantly less flexible about what they will allow financially. It is the CFO, Platt states, who is in the middle of this situation, and who must communicate to multiple and always challenging audiences a solution tolerable to all.

How can a CFO increase his or her skills in this arena? Here is a breakdown of the five Emotional Intelligence competencies as well as ideas from extensive experience in coaching executives for increasing skills in each area.

Conscious self-knowledge

Self-knowledge, at its most basic level, involves recognizing thoughts and emotions, decisions and biases, strengths and weaknesses of oneself in real time. When executives train themselves to recognize their emotions and examine the reasons for their occurrence, they are better prepared to evaluate complex situations and make clear decisions. Make no mistake: your emotions affect others, whether you are aware of them or not. Operating with no awareness of them is like trying to operate heavy equipment with one hand tied behind your back.

Ask yourself: How well and how often do you recognize your own array of thoughts, feelings, values, biases and emotional state? How accurately do you assess your job performance or your relationship with different individuals? How often do you get or are surprised by feedback on your performance? How intuitive are you?

Coach's tip: Self-knowledge is the basic cornerstone of emotional competency and one of the fundamental characteristics of good leaders. To build this competency, you must build insight. This is an area where a 360 degree feedback process, an honest look at your history of successes and failures, and, work with an experienced Executive Coach can be invaluable. Self Knowledge is a journey as well as a destination. Identify a difficult situation or relationship at work and examine your own emotional reaction, looking for patterns. Are your responses deliberately chosen or are you reactive? Do similar types of people or situations trip you up? In what situations are you comfortable and where are you not?

Maintaining appropriate control

Briefly stated, this is the development of "grace under fire." This means maintaining an even keel even when others around you are losing control. A key

point is neither over- nor under-reacting to a tense situation. This is a crucial skill in building trust and being perceived as a powerful and effective leader.

Ask yourself: if your level of control was measured on a 10 point scale, with 1 meaning “very conflict-avoidant” and 10 meaning “often aggressive,” where would you typically place yourself? How easy or difficult is it for you to delay the impulse to act on strong feelings? How passionately do you express yourself?

Coach’s tip: One effective strategy involves training yourself to pause and reflect on your thoughts and emotions before responding to a difficult situation. While unbridled aggression is never a recommended emotional strategy, remember that passion has power in the workplace. Assess when you need to tone down your passion to make an effective statement, and when you need to ramp it up. As a rule, CFOs tend to understate their passion.

Maintaining motivation

Optimism and perseverance are emotion-based competencies that can be learned and enhanced. Healthy optimism means accepting the facts of the situation while maintaining the perspective that you can deal constructively with whatever reality you are facing. This has nothing to do with denying the truth of an unpleasant situation or “burying your head in the sand.”

Ask yourself: how easy or difficult is it for you to overcome obstacles or crises of confidence? What sort of inner dialogue do you have about your abilities? How much do you tend to worry or avoid difficult situations? Where do you tend to give up? How well do you sense when to push and when to back off? Do others see you as optimistic and motivational?

Coach’s tip: Look at what lights your fire. It’s important to have a realistic definition of success for yourself, and a clear knowledge of your core values to help you maintain perspective and balance during difficult times. It’s also crucial to find ways of encouraging yourself when you’re faced with obstacles. Stay mindful of your past successes and have your own personal “board of advisors” who can help you keep your perspective and spirit. Having style flexibility is key; knowing when to forge ahead and when to take a step back and change your strategy is extremely important. A competent executive coach can be a valuable “secret weapon” in keeping you motivated and engaged as well as making good decisions about how to motivate and develop others.

Recognizing others’ interests

This is the fundamental basis of all conflict resolution. One talent of good leaders is the ability to take a situation headed in a win-lose direction and craft at best a win-win or at least a tolerable outcome. To do this, you must be mindful of the needs and perspectives of others and use this knowledge to develop solutions. Motivating others is largely based on understanding their wants and needs and including them in your overall strategy.

Ask yourself: How easy or difficult is it for you to accurately gauge the needs of others, especially within conflict situations? How often are you described as a good listener or someone who really cares about others?

Coach's tip: Look at what lights *their* fire. When you encounter what seems to be an impasse, ask questions rather than simply restating your point. "How" and "what" questions are more powerful than "why" questions. For example, asking, "What are the results you want to achieve here?" is likely to produce a more substantial and less defensive answer than "Why do you think your plan is the best?" If you can uncover what motivates and drives the other person's behavior, you increase your leverage in any situation.

Communicating with flexibility

Flexible communication is the hallmark of great leaders. Platt states that there are two types of CFOs: those that are always "right" and those that are successful; the successful CFOs, he says, know how to manage relationships. They do not need to rigidly defend their position or their facts. He stresses that successful CFOs are aware of their audiences and their different needs. Communication style should vary with the audience; for example, supervising clerical staff often requires a softer personal style, while that style would be ineffective dealing with high-powered Wall Street MBAs that may populate your Board of Directors.

Ask yourself: Who are the different audiences you must interact with on the job? How do you vary your style with each? Which audiences are you strongest with? Weakest with? What feedback do you get or have gotten from others regarding your communication style, and what changes have you made in response to this feedback?

Coach's tip: Everyone has communication strengths and weaknesses. The most effective executives understand the effect of their communication and influence style on those around them. Your power as CFO will increase dramatically if you take the time to develop a number of different influence styles, just as every talented athlete has a number of plays they can execute competently. Become a feedback seeker. Obtain a 360 feedback survey. Hire an executive coach who has a strong psychological background and literacy in the A/E/C world to help you develop greater style flexibility.

THE ROI OF EMOTIONAL COMPETENCY

In conclusion, Emotional Intelligence skills are a valuable addition to a CFO's personal toolbox, increasing your ability to lead your organization toward profitability during tough times. A CFO's emotional competency also leads to the bottom-line results of increased retention of key direct reports and better development of your successors. Even a small company will benefit from the

CFO's faster and more accurate decision-making ability and the financial leader's ability to better influence and foster more collaborative decisions with multiple stakeholders. Add to this the benefit to your own personal career trajectory, choices, and earning potential.

If you are among those interested in developing business results from your emotional "muscle power," consider the following suggestions:

- As a first step, simply put Emotional Intelligence competencies on your personal "radar screen." Simply being aware that these skills make a difference is an important first step.
- Read Daniel Goleman's Working with Emotional Intelligence, which provides a thorough examination of emotional competencies and skill development strategies.
- Consider having a 360 feedback survey done to help you learn more about your style and how to build more flexibility and skill in influencing others. Crafting a 360 instrument that specifically reflects your firm's values and culture is not difficult and has tremendous payoff.
- Consider hiring an executive coach who has both deep knowledge about emotional competency and content knowledge within the A/E/C industry. A skilled coach can help you, your senior team and your key personnel develop and use the Emotional Intelligence skills that can and will increase your company's bottom line. Any steps you take to increase your competency in this area will clearly yield a good return on your investment.

Provided courtesy of CFMA.