

The Business Case for SOAR

(Success through Observer, Action, Results)

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Introduction

This paper is structured into the following sections:

- What is SOAR All About?
- A Sampling of the Research
- The Rationale: Why have the “soft skills” become so important to the bottom line for today’s organizations?
- What Do Leaders Say?
- The Drivers of the Bottom Line for Many of Today’s Organizations
- A Different Type of Learning Requires a Longer-Term Approach
- Sample list of companies that have determined that the return on investment is worth it – for training programs that focus on emotional and relational competencies

What is SOAR all about?

The focus of SOAR is to increase participant competencies in three key areas:

- Emotional competencies
- Relational competencies
- Conversational competencies

It is a long-term program with an ongoing focus on self-awareness, personal responsibility and personal growth. Primary objectives are to improve:

- Individual well-being / emotional health / balance
- Personal and professional relationships
- Workplace productivity and effectiveness, especially for leaders, managers and members of teams

It provides incremental learning through highly interactive on-site sessions, Accountability Groups, “homework” assignments that include reading, self-reflection and self-disclosure, practicing new skills, and learning with, through and from other participants.

The information below summarizes research and studies that are now available that point to the positive, bottom-line impact of these skills within organizations of all sizes and shapes. It also includes our rationale for strongly promoting the SOAR Program within organizations.

A Sampling of the Research

In 1995, Daniel Goldman, a psychologist and former New York Times reporter, published the international best seller, *Emotional Intelligence: Why It Can Matter More Than IQ* (Bantam Books, 1995). In it, he brought together **years of research** to show that emotional intelligence (EQ) — which can loosely be described as **a person’s ability to manage him- or herself and relate to other people — matters twice as much as IQ or technical skills in job success.**

Prior to his work, companies were largely unwilling to invest in programs similar to SOAR, in which developing these types of competencies are the focus. Today, things are changing... and nothing has impacted the willingness of companies to invest in soft skills development more than the fact that there are now studies to show real-world, bottom-line impacts. "There’s more empirical data coming out all the time to show that such skills as listening and building consensus really do affect the bottom line," explains Hendrie Weisenger, Ph.D., author of *The Power of Positive Criticism* (Amacom, 1999). "The soft skills have become the hard skills."

A great deal of evidence has indeed been accumulated that complements what many of us have experienced in our careers: what have traditionally been understood as the “soft skills” have become increasingly important for bottom-line success – across a wide variety of industries. Consider:

- Research on 181 jobs at 121 companies worldwide showed that 2 out of 3 abilities vital for success were **emotional competencies** such as trustworthiness, adaptability and a talent for collaboration.
- According to a study of what corporations seek when they hire MBAs, the three most desired capabilities are **communication skills, interpersonal skills and initiative**.
- At Bell Labs individual team members had comparable abilities and skills, but “star performers” had been able to **create and maintain informal networks of people** who could be called on for assistance (Kelley & Caplan, 1993).
- At PepsiCo, executives selected for EQ competencies generated 10% more productivity.
- High EQ salespeople at L’Oreal brought in \$2.5 million more in sales
- An EQ initiative at Sheraton helped increase market share by 24%.
- The US Air Force is using EQ to screen para-rescue to save \$190 million.
- Emotional intelligence matters in surprising places such as **computer programming**, where the top 10 percent of performers exceeded average performers in producing effective programs by 320 percent, and the superstars at the 1 percent level produced an amazing 1,272 percent more than average. Assessments of these **top performers** revealed that they were better at such things as **teamwork, staying late to finish a project and sharing shortcuts with co-workers**. In short, the best performers didn’t compete—they collaborated.
- A study of 1,171 U.S. Air Force recruiters showing that the **best performing** recruiters were those who scored high on assertiveness, empathy, interpersonal relations, problem solving and optimism.

- A study of 1,000 sales personnel from a large, U.S.-based international company demonstrating that the characteristics **most predictive of sales success** were assertiveness, empathy, happiness, emotional self-awareness and problem-solving skills. **Nothing else**, including gender, education, geographic area, age or hours worked came as close to predicting success as did these **emotional competencies**.
- Studies of close to 500 organizations worldwide indicate that people who score highest on EQ measures **rise to the top** of corporations. Among other things, these "star employees" possess **more interpersonal skills** and **confidence** than "regular employees," who receive less favorable performance reviews.
- Deloitte research suggests that **higher percentages of highly profitable companies** excel in focusing on core values and **corporate culture** and on orienting employees – new and old – to that culture. *Doing this successfully depends explicitly on conversational and relational competencies.*
- **Unwanted turnover** is costly and obviously impacts the bottom line. A **raft of research** indicates that the vast majority of employees who quit their jobs don't leave their company; they leave their boss.
- Meanwhile, when leaders, managers and supervisors are fired, replaced or removed, it's not usually because they lack technical expertise or know-how. They **fail because of their lack of effective interpersonal skills**.
- Retention of quality employees – at all levels – is a requirement for sustained success and is a clear characteristic of profitable companies across industries. Research (and conversations with CEO's) indicates that **attracting and keeping quality employees** is an ongoing priority for just these reasons. And the ability to do this has everything to do with company culture, the nature and quality of workplace relationships, as well as the ways in which employees' performance is managed and their concerns are listened to.

- **Business decision making** tends to focus on explicit, analytical “unemotional” data, but human beings must always evaluate that data in a process that is handled by the emotional system (Damasio, 1994). The emotional aspects of decision-making have been traditionally considered to be a “soft” skill, and sometimes quite separate from “business” decision-making skills. In any large organization, though, it is **people** who are making the decisions. Because of this, increasing degrees of “**emotional intelligence**” and **self-awareness** are crucial for success.
- The less competent that people are at dealing with other people, the smarter they believe themselves to be, thereby leaving themselves vulnerable to missed opportunities, failing to get training that they need, and in the end, they “**never figure out what went wrong**” (Dunning & Kruger, 2000).

The Rationale: Why is this the case? Why have the “soft skills” become so important to the bottom line for today’s organizations?

- Thirty years ago, a businessperson was generally hired on the basis of technical skills. Since then, the world’s economy has moved toward **service-oriented, information-focused businesses** that are increasingly organized in teams. Now, *Fortune* 500 companies name strong interpersonal, communication and team skills as the most important criteria for success in management positions (Buckley, Peach, & Weitzel).
- The **modern workplace has evolved into an interpersonal dynamic** that can't be ignored. Teams of all sizes and shapes dominate the corporate landscape, and smart people with very different cultural and/or social backgrounds are increasingly finding themselves working collaboratively to achieve critical business objectives. The acts of listening, presenting ideas, resolving conflict, and fostering an open and honest work environment all come down to knowing **how to build and maintain relationships with people**.
- In this business environment, each interpersonal relationship exists

within a complex network of interrelated relationships. As a result, the ability to communicate interpersonally—that is, with people as people—becomes a **foundational skill for virtually any other organizational activity**.

- Joseph S. Nye, Jr., author of *“Soft Power, Hard Power and Leadership”* says: Globalization, the information revolution and democratization are long term trends... **Management researchers** have detected a **change in effective leadership styles** over the past two decades. Successful leaders are using a **more integrative and participatory style** that places greater emphasis on the soft power of attraction rather than the hard power of command.
- As the proportion of “knowledge work” grows in the economy, **social skills become even more important for business success**. Research shows that “people” skills are not important just for the first level customer service representative or in the lower-level office cubes. The higher up one moves in the organization, the more important “**emotional intelligence**” is for individual and organizational success (Book, 2000).

What Do Leaders Say?

Anecdotal evidence and the experience of many leaders also supports the more formal research.

Obviously, CEO’s care about the bottom line.

What do experienced leaders say about the bottom-line impact of “relational” and “emotional” and “conversational” competencies?

- James E. Perrella, Chairman, President and CEO, Ingersoll-Rand Company, says: “America is moving from a manufacturing economy to a value-added, service-oriented economy. And at the heart of service is **relationships**: interpersonal relationships, intergroup relationships and interdepartmental relationships. The ascendance of work teams in large organizations puts a **new**

- premium on relationship team skills.** Among others, this set of skills includes the following competencies:
- Communicating or listening openly and sending convincing messages;
 - Managing conflict, which entails negotiating and resolving disagreements;
 - Inspiring and guiding individuals and groups as a leader;
 - Initiating and managing change; and
 - Collaborating and cooperating with others toward shared goals.”
- “Emotional competence is the single most important personal quality each of us must develop and access to experience a breakthrough.” – Doug Lennick, VP of American Express Financial Advisors
 - In a recent *HBR* study, when asked “What are the top issues you face at work?” leaders identified that 76% are on the people / relational side and only 24% are on the finance/technical side. Among these 135 respondents, a massive 89% identify relational and emotional competencies as “highly important” or “essential” to meeting their organizations’ top challenges.
 - “No doubt emotional intelligence is more rare than book smarts, but my experience says it is actually more important in the making of a leader. You just can’t ignore it.” – Jack Welch, Retired Chairman & CEO, General Electric.
 - “Every business is a people business.” – Edward E. Whitacre, Jr., Retired Chairman & CEO, A T & T, Inc.
 - “The primary task of leadership is to communicate the vision and values of an organization.” – Frederick Smith, CEO of Federal Express.
 - Effective leaders have to have the capacity to communicate effectively both by words, symbols, and personal example. Winston Churchill often attributed his success to his mastery of the English sentence.

The Drivers of the Bottom Line for Many of Today's Organizations:

In our view, the key drivers of bottom-line organizational success are different today than they were 50, 20 or even 10 years ago.

Technical skills and cognitive abilities, while important, are not the key drivers of modern business success. Using studies from nearly 500 global companies, 85% of what distinguishes **outstanding leaders** is “emotional intelligence” (Goldman, 2002).

What drives results for today's organizations has much less to do with access to capital and technology than it does with the ability to attract and retain talent, and to establish an environment (culture) that engages that talent and enables it to flourish.

Many of us have heard the expression “**Culture eats strategy for breakfast.**” We concur. Technical skills and cognitive abilities are obviously important for crafting sound, effective strategies. Actually implementing the strategies and achieving real-world results, however, centers on the way human beings relate to each other, communicate with each other, and collaborate with each other.

What drives results for today's organizations has more to do with establishing practices that produce shared understanding of and shared commitment to company- and department-level goals. It involves the ability to create and sustain structures of accountability, as well as a context where people learn from mistakes and can quickly adapt and innovate.

And of course, the tools needed to do this building and this establishing and this creating are not physical tools. Leaders and managers get paid to have effective conversations... conversations that produce and sustain these organizational outcomes.

Specific organizational aspects that we see as most instrumental in driving bottom line success for today's organizations are provided below. And note that success within each driver is directly dependent on conversational, emotional and relational competencies:

- Nature and qualities of workplace culture
- Degree of shared understanding and alignment across departments / areas
- Talent acquisition
- Talent retention
- Talent development
- Employee engagement
- Teamwork
- Making and managing commitments
- Innovation / Learning / Agility / Flexibility / Adaptability
- Decision-making

A Different Type of Learning Requires a Longer-Term Approach

- Emotional and relational learning is quite unlike “book” learning. Rather than consciously noticing and remembering facts and the relationships between facts, the **emotional part of the brain learns through practice**, shaping itself through repetition of “proper” responses (Reber). Those who wish to develop emotional intelligence are thus urged to **practice** emotional skills... which SOAR encourages and facilitates.
- Murray Dalziel, global managing director of organization effectiveness and management development services at The Hay Group in Philadelphia, says: “Learning the skills that contribute to emotional and relational competency **can’t be done in a one-shot training course.**”
- Research clearly indicates: **To get bottom-line benefits from soft-skills development, employers have to be willing to commit for the long haul.** SOAR is structured to provide enough time – and enough practice – for new levels of self-awareness and new behaviors to translate into sustainable shifts in how employees relate to each other and work with each other.
- Annie McKee, managing director of the Center for Professional Development at the University of Pennsylvania in Philadelphia, agrees that “**companies have to be willing to commit the time**

necessary for the new soft skills to take hold. After all, we're talking about patterns of behavior that are engraved in one's brain. These patterns can be difficult to learn and relearn."

- Getting work done in many of today's organizations requires an endless series of complex collaborations, and spending time and energy wondering whether others will do their part can create serious obstructions to productivity. **Learning how to build – and in some cases, rebuild – trust is essential for organizational success.** Research by Cooper (2007) shows that organizational success is often found to be related to an ability to build trusting relationships. **And this type of learning is much different from the data-gathering or information-intensive types of learning that work well in STEM-related areas.** This type of learning involves time and practice, feedback and reflection, in an ongoing process of self-development.
- Research also shows that providing **coaching support** is a proven avenue for supporting employees' ability to develop and improve their competency levels over time.

Sample list of companies that have determined that the return on investment is worth it – for training programs that focus on emotional and relational competencies

Avon Products (personal care products, \$6.9 bil.): **management training, performance reviews**

Bank of Montreal (financial services, CDN\$2.13 bil.): **leadership development**

BMW (manufacturing, \$56 bil.): **leadership development**

Boeing (aerospace and defense, \$50 bil.): **executive leadership development**

CIBA Specialty Chemical (chemical manufacturing, 6.5 bil. Swiss francs): **Change leadership**

Kodak (consumer products, \$10.3 bil): **leadership development**

Eli Lilly (pharmaceutical, \$2.95 bil.): **sales hiring**

FedEx (shipping, \$1.13 bil): **leadership development in Express**

Hilton (lodging, \$2.9 bil.): **customer service leadership**

Honeywell (technology and manufacturing, \$23.1 bil.):
leadership training for high potential middle managers

Johnson & Johnson (pharmaceuticals, \$41.9 bil.): **leadership training,
performance evaluation, and succession planning**

L’Oreal (personal care products, \$15.0 bil.): **recruitment**

Lockheed Martin (aerospace and defense, \$41.86 bil.): **Human
capital strategy & leadership development**

McNeil (subsidiary of J&J), pharmaceuticals, \$6.0 bil.):
leadership training

Microsoft (technology, \$51.1 bil): **customer service leadership**

Motorola (telecommunications/electronics, \$27.1 bil.): **stress
management training**

Nichols Aluminum (subsidiary of Quanex, metal fabrication,
\$1.1 bil.): **senior management training on change management and
external relations**

PSEG (diversified energy company, \$11.1 bil.): **leadership training
and team development**

Roche Pharmaceutical (subsidiary of Roche Group,
pharmaceuticals, \$21.4 bil.): **team development and customer
service training.**

Shell (petroleum, \$31.9 bil.): **leadership development**

Singapore Airlines (aviation, \$15.9 bil.): **customer service**

Toyota Motor Corporation (manufacturing, \$262 bil): **leadership**

US Navy & Marine Corps: **change leadership**

Whitbread PLC (hospitality and leisure, \$2.8 bil.): **management training and hiring**

Woodside Australian Energy: (Australian energy services, \$.9 bil): **executive coaching**

HSBC Bank (financial services, \$87.6 bil): **leadership development**

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