Emotional Intelligence In Family Business

Family Business Network
Next Generation – Levant

21 November 2017 | IFG – Beirut

Raed H. Charafeddine
http://raedcharafeddine.net/
Outline

Change

Today’s Leadership Challenges

Emotional Intelligence

Emotional Intelligence in Family Business
Outline

- Change
- The 10 Relational Needs
- The 5 Commitments
We are living amidst EXPONENTIAL TIMES
Number of active users on Facebook over the years

- 1 million — End of 2004
- 5.5 million — End of 2005
- 12 million — End of 2006
- 50 million — October 2007
- 100 million — August 2008
- 350 million — End of 2009
- 608 million — End of 2010
- 845 million — End of 2011
- 1.06 billion — December 2012
- 1.22 billion — December 2013
- 1.39 billion — December 2014
- 1.59 billion — December 2015
- 1.86 billion — December 2016
- 2.07 billion — September 2017

Number of monthly active Facebook users worldwide as of 3rd quarter 2017 (in millions)
We are living in an UNSTABLE ENVIRONMENT
Ongoing CHAOS in the Middle East and North Africa
The Influence of US Foreign Policy & Politics
The impact of the BREXIT execution on the global economy
Increased pressures from Local and Foreign Regulators on Financial Providers
We are living in an Influential & Smart Leadership Era
The hierarchical, command and control structures of the past are gone. The days of simply telling someone to do something are gone.
We are living in a Diversified Talent & Team Environment
While a dozen of occupations disappeared, 65% of today’s school children will eventually be employed in jobs that have yet to be created.

Source: US Department of Labor
We are living in a VOLATILE SOCIAL ENVIRONMENT

Adapt education and training of Next Generation in Family Business to new professional skills for jobs that have yet to be created.
Emotional Intelligence in Family Business
Emotional Intelligence in Family Business

Conversations 1995
Conversations

Adam Wolff
So excited for the beach this weekend! Feel free to get to the house anytime after 3 tomorrow (directions attached).

Koen is bringing the stuff to grill, so we're set for dinner. Just bring yourselves.

Douglas Li
Sounds awesome!

Koen Bok
What a beautiful weekend.

Maira Talvares
Thanks again for having us Adam! 😊

Write a reply...
Emotional Intelligence in Family Business
Change is a **CHEMISTRY** of **INTERCATIONS**
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So What....
If we keep doing what we have been doing we will keep getting what we have been getting.
Hence,

The need to CHANGE in a POSITIVE WAY
Why would people want to change?
Why would people want to change?

To Persevere, avoid pain & gain positive outcome
Why Change – The Aral Sea Example
People Change to Preserve
Aral Sea 1977
Aral Sea 1990
People Change to Avoid Pain
People Change to Gain a Positive Outcome
Emotional Intelligence in Family Business
Today’s Leadership Challenges
The Performance FORMULA
Securing the right performance enablers is imperative for Change & Engagement

**Performance Enablers**

- **STRATEGY & OBJECTIVES**
  - Formal Business Strategy
  - Concrete Business Objectives
  - Clear work expectations & outcomes

- **ENVIRONMENT**
  - Values driven Environment
  - Teamwork Spirit
  - Adequate Leadership style
  - Positive & Balanced workplace
  - Strong Network

- **PEOPLE**
  - Excellent quality of recruited Talent
  - Retention of Talent
  - Training & Development
  - Performance Management & Improvement

- **PRODUCTS & SERVICES**
  - High quality Products
  - Comprehensive Products & Services
  - Customer Service Excellence

- **TOOLS**
  - Offices and Equipment
  - Hardware and Software
  - Telecomm tools
  - Resources and Expert reference

**Business Success**
Leadership Challenges are like viruses. They are cascaddable and vicious. One challenge leads to another, which will lead to a third… until reproducing the same initial challenge.
Leadership Challenges of Today
1. The Execution Gap

- How are we facing the Execution Gap between what is planned and what is done?
- Why are execution Gaps the key obstacles facing leaders these days?
- Is the Execution Gap at the Strategic or Operational level?
- How can we bridge the Vision – Strategy – Execution gap?
2. Sourcing the Right Talent

- How do you identify the need for a new hire?
- Where to find the right candidate?
- How to manage an ongoing pile of resumes?
- What type of questions need to be asked during a face to face interview?
- Conducting reference & background checking?
- Sending the right job offer?
3. Investing in People

- What are your people training Needs?
- How to develop your talents into becoming Leaders?
- Relation between Retention and Employees Development?
- Benefits of investing in People?
- Impact of NOT investing in People?
- Setting a Comprehensive Career Development Plan?
4. Individual Dependencies & Succession

- Employees of High Dependencies?
- Positions of High Turnover?
- What to do when losing a Dependable Talent?
- Identifying the Key employees and potential successors?
- Communicating or not on succession plans?
- Developing and nurturing successors?
- Setting up a succession plan?
- Succession planning & talent retention?
- Business Continuity?
5. Decision Making

- How can the Authority matrix be balanced?
- How can we ensure that the optimal decisions are being made?
- Are we capable of making optimal decision amidst severe Game Theory dynamics today?
- How to prepare new leaders for optimal decision making?
- Are all Accountability mechanisms available?
- Is Accountability being effectively respected?
6. Complexity of Management Layers

- Ultimate Organization Structure Design for your Business?
- Number of managers to executives?
- Authority & Accountability Distribution?
- Complex decision making processes?
- Delayed Execution and Bureaucracy?
- Relation between Managers and Employees?
7. Governance

- Is Corporate Governance the Solution?
- What is the margin of improvement that Corporate Governance can afford today?
- Is there a difference between theory and reality when it comes to implementing Corporate Governance Directives?
8. Information Management

- Suitable Technology & Information System for your Business?
- Comprehensiveness of Networking Systems between different technologies?
- Ability of staff to Manage Information?
- What is the Strategic direction for the overall technology environment in the company?
- Disclosure of Information and availability to employees at different levels?
- People with open access to data?
9. Allocation of Internal Investments

- What are the internal investments priorities?
- How much money to allocate on People Development vs Business Development?
- Any part of the investment spent on people well-being?
- Part of information technology from Investment?
- Investing to show or to enhance?
- Decisions for Investments?
10. Maintaining Innovation

- Space for innovation in the Business Platform?
- Company culture and People Innovation?
- Maintaining up to date Business Information?
- Coping with Trends and Techniques?
- Toleration of Risk and Failure?
- How to reward people who innovate?
- Recognizing people with innovation skills?
11. Legal Compliance

- Legal obligations toward employees?
- Compliance with Country Legal Structure?
- Written Agreements content?
- Standardized contract forms?
- Health & Safety Considerations?
- Data Security & Credibility?
- Monitoring
12. Standardization

- Reliability of workflows?
- Quality of Products & Services?
- Monitoring Quality & reporting non compliance?
- Documentation of processes?
- Consistency of Decisions?
- Need for standardization or Harmonization?
- Communicate & verify results?
13. Organizational Culture

- Communication style with employees?
- What behavior to expect on day to day basis?
- Are strategies more daring or conservative?
- What kinds of relationships are developed with customers?
- What is important to the Business?
- Discouraging undesirable actions?
Most Leadership Challenges have to do with **PEOPLE!**

<table>
<thead>
<tr>
<th>1. The Execution Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Sourcing the Right Talent</td>
</tr>
<tr>
<td>3. Investing in People</td>
</tr>
<tr>
<td>4. Individual Dependencies &amp; Succession</td>
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<tr>
<td>5. Decision Making</td>
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<tr>
<td>6. Complexity of Management Layers</td>
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<tr>
<td>7. Governance</td>
</tr>
<tr>
<td>8. Information Management</td>
</tr>
<tr>
<td>9. Allocation of Internal Investments</td>
</tr>
<tr>
<td>10. Maintaining Innovation</td>
</tr>
<tr>
<td>11. Legal Compliance</td>
</tr>
<tr>
<td>12. Standardization</td>
</tr>
<tr>
<td>13. Organizational Culture</td>
</tr>
</tbody>
</table>
Leadership Style & Impact on Performance
The Evolution of Leadership Concerns

- **Complexity**
  - **Focus**
    - Operations
    - Resources
    - Competition
    - Performance
    - Change
  - **Concern**
    - Efficiency
    - Risk
    - Position
    - Execution
    - Renewal
  - **Response**
    - Budgeting & Procedures
    - Long-range Planning
    - Strategy
    - Excellence
    - Innovation

Emotional Intelligence in Family Business
There are Six different Leadership Styles

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Description</th>
<th>Emotional Intelligence Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commanding</td>
<td>Demands Immediate Compliance</td>
<td>“Do what I Tell you.”</td>
</tr>
<tr>
<td>Visionary</td>
<td>Mobilizes People toward a Vision</td>
<td>“Come with me.”</td>
</tr>
<tr>
<td>Affiliative</td>
<td>Creates harmony and builds emotional bonds</td>
<td>“People come first.”</td>
</tr>
<tr>
<td>Democratic</td>
<td>Forges consensus though participation</td>
<td>“What do you think?”</td>
</tr>
<tr>
<td>Pacesetting</td>
<td>Sets high standards for performance</td>
<td>“Do as I do now.”</td>
</tr>
<tr>
<td>Coaching</td>
<td>Develops people for the future</td>
<td>“Try this”</td>
</tr>
</tbody>
</table>
Why do people have different Leadership Styles?

<table>
<thead>
<tr>
<th>Experience</th>
<th>▶ Life and professional experience build certain beliefs and impact the approach of the individual in dealing with people and situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality</td>
<td>▶ Innate psychological tendencies impacted by childhood and bringing up habits and context</td>
</tr>
<tr>
<td>Education</td>
<td>▶ Scientific and philosophical concepts brought to the person through schooling and university education</td>
</tr>
<tr>
<td>Values</td>
<td>▶ Social, political, and religious values the person absorbs at various stages of his/her life</td>
</tr>
</tbody>
</table>
Levels of Leadership

- Level 1: Highly Capable Individual
- Level 2: Contributing Team Member
- Level 3: Competent Manager
- Level 4: Effective Leader
- Level 5: Executive

Source: Good to Great, James C. Collins
## Levels of Leadership

<table>
<thead>
<tr>
<th>Level Number</th>
<th>Leadership Ability</th>
<th>Observed Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5</td>
<td>Executive</td>
<td>Builds enduring greatness through a paradoxical combination of personal humility plus professional will.</td>
</tr>
<tr>
<td>Level 4</td>
<td>Effective Leader</td>
<td>Catalyzes commitment to and vigorous pursuit of a clear and compelling vision; stimulates the group to high performance standards.</td>
</tr>
<tr>
<td>Level 3</td>
<td>Competent Manager</td>
<td>Organizes people and resources towards the effective and efficient pursuit of predetermined objectives.</td>
</tr>
<tr>
<td>Level 2</td>
<td>Contributing Team Member</td>
<td>Contributes to the achievement of group objectives; works effectively with others in a group setting.</td>
</tr>
<tr>
<td>Level 1</td>
<td>Highly Capable Individual</td>
<td>Makes productive contributions through talent, knowledge, skills, and good work habits.</td>
</tr>
</tbody>
</table>

*Source: Good to Great, James C. Collins*
Outline

Change

Today’s Leadership Challenges

Emotional Intelligence
Intelligence or Intelligences?
Four Intelligences/Capacities*

1. Mental (IQ) – refers to the mind
2. Emotional/Social (EQ) – refers to the heart
3. Physical/Economic (PQ) – refers to the body
4. Spiritual (SQ) – refers to the spirit

* Source: Steven Covey – First Things First.
## Four Needs

- **To Live**
- **To Learn**
- **To Love**
- **To Leave a Legacy**

## Four Intelligences

- **Physical Intelligence (PQ)**
- **Mental Intelligence (IQ)**
- **Emotional Intelligence (EQ)**
- **Spiritual Intelligence (SQ)**

## Four Attributes

- **Discipline**
- **Vision**
- **Passion**
- **Conscience**
Conscience often provides the why,

Vision identifies *what* you’re trying to accomplish,

Discipline represents *how* you’re going to accomplish it,

Passion represents the strength of feeling behind the *why, the what and the how.*
Emotional Intelligence – Our focus today
CEOs are hired for their intellect and business expertise - and fired for a lack of emotional intelligence.

Daniel Goleman
For leaders, the first task in management has nothing to do with leading others; step one poses the challenge of knowing and managing oneself.

--Daniel Goleman
Emotional Intelligence in Family Business

Self

Awareness

Self-Awareness

Social-Awareness

Emotional Intelligence

Actions

Self-Management

Relationship Management

Others
Emotional Intelligence in Family Business

Emotional Intelligence Pyramid

- **Self-Awareness**
  - Listen & Accept my Emotions

- **Self-Management**
  - Respect & Honor My Emotions

- **Social Awareness**
  - Listen & Accept Others' Emotions

- **Empathy**
  - Respect & Honor Others' Emotions

- **Breakthrough**

"Me"

"Others"
Emotional Intelligence in Family Business

Competency Behaviors

Self Awareness
Self Regulation
Motivation
Empathy
Social Skills

Necessary for top performance but not sufficient

Required for longer-term success
## The Five Components of Emotional Intelligence at Work

<table>
<thead>
<tr>
<th>Component</th>
<th>Definition</th>
<th>Hallmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-awareness</strong></td>
<td>The ability to recognize and understand your moods, emotions, and drives, as well as their effect on others</td>
<td>Self-confidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Realistic self-assessment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-deprecation sense of humor</td>
</tr>
<tr>
<td><strong>Self-regulation</strong></td>
<td>The ability to control or redirect disruptive impulses and moods The propensity to suspend judgment – to think before acting</td>
<td>Trustworthiness and integrity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comfort with ambiguity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Openness to change</td>
</tr>
<tr>
<td><strong>Motivation</strong></td>
<td>A passion to work for reasons that go beyond money or status A propensity to pursue goals with energy and persistence</td>
<td>Strong drive to achieve</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Optimism, even in the face of failure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizational commitment</td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td>The ability to understand the emotional makeup of other people Skill in treating people according to their emotional reactions</td>
<td>Expertise in building and retaining talent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cross-cultural sensitivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service to clients and customers</td>
</tr>
<tr>
<td><strong>Social skill</strong></td>
<td>Proficiency in managing relationships and building networks An ability to find common ground and build rapport</td>
<td>Effectiveness in leading change</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Persuasiveness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expertise in building and leading teams</td>
</tr>
</tbody>
</table>
Emotional Intelligence in Family Business

**Emotional intelligence**

**INTRA-PERSONAL**
- **SELF-AWARENESS**
  - Emotional Connection
  - Self Acceptance
  - Self-esteem
  - Confidence
  - Self-assessment

- **SELF-MANAGEMENT**
  - Assertiveness
  - Discipline
  - Self-control
  - Trustworthiness
  - Adaptability
  - Positive thinking
  - Planning
  - Problem solving

**CATALYSTS**
- **ENERGIZERS**
  - Motivation
  - Initiative
  - Drive
  - Resilience
  - Attitude
  - Passion
  - Engagement

**INTER-PERSONAL**
- **SOCIAL AWARENESS**
  - Empathy
  - Social responsibility
  - Communication
  - Rapport
  - Tolerance

- **RELATIONSHIP MANAGEMENT**
  - Relationship management
  - Teamwork
  - Collaboration
  - Conflict management
  - Leadership
  - Influence
  - Service
The LQ (Leadership Quotient)

Strategic Leadership

IQ
“WHAT” to do

Emotional Leadership

EQ
“WHO” will do

Operational Leadership

XQ
“How” to do
For star performers in all jobs, in every field, emotional competence is twice as important as cognitive abilities.

For success at the highest levels, in leadership positions, Emotional competence accounts for virtually the entire advantage.

Daniel Goleman
<table>
<thead>
<tr>
<th></th>
<th>Low EQ</th>
<th>High EQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership Style</strong></td>
<td>Aggressive, demanding, egotistical, “bossy”, confrontational</td>
<td>Assertive, ambitious, driving, strong willed, decisive</td>
</tr>
<tr>
<td><strong>Communication Style</strong></td>
<td>Distractible, selfish, poor listener, impulsive</td>
<td>Warm, enthusiastic, sociable, charming, persuasive</td>
</tr>
<tr>
<td><strong>Management Style</strong></td>
<td>Resistant to change, passive, unresponsive, stubborn</td>
<td>Patient, stable, predictable, consistent, good listener</td>
</tr>
<tr>
<td><strong>Working Style</strong></td>
<td>Critical, picky, “fussy”, hard to please, perfectionistic</td>
<td>Detailed, careful, meticulous, systematic, neat</td>
</tr>
</tbody>
</table>
Where are you at?
So many needs govern Human Behavior

accepted
completed
acknowledged
admired
alive
amused
appreciated
approved of
attention
capable
challenged
clear (not
confused)
competent
confident
educated
empowered
focused
forgiven
fulfilled
grown or growing
happy
heard
helped
important
in control
included
independent
interested
knowledgeable
Listened to
loved
needed
noticed
open
optimistic
powerful
privacy
productive
protected
proud
reassured
recognized
relaxed
respected
safe
satisfied
secure
significant
successful
supported
treated fairly
understood
useful
valued
worthy
Top 10 Emotionally-Intelligent Fortune 500 CEOs*
Jeff Bezos (Amazon.com): With his quirky laugh and self-deprecating style, Bezos doesn’t sound like a Fortune 500 CEO and that’s probably to his benefit. His obsession with the hearts and minds of his customers and his long-term perspective on relationships (and business strategy) are legendary, as was his YouTube announcement of Amazon’s Zappos acquisition in 2009.
Warren Buffett, Berkshire Hathaway is a Family Business of Buffett Family: “Success in investing doesn’t correlate with IQ once you’re above the level of 25. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble investing.” Intensely loyal and relationship-driven, he asks his CEOs to run their companies as if they were to own them 100 years from now.
Ursula Burns (Xerox): In tandem with Anne Mulcahy who moved up to Chair, Burns transitioned to CEO as the first woman-to-woman CEO leadership transition in a Fortune 500 company in what has become a pivotal case study in organizational development. Direct, yet respectful, her assertiveness is matched by a sense of mission that inspires her employees.
Jamie Dimon (JPMorgan Chase): At Harvard Business School, Dimon said: “You all know about IQ and EQ. Your IQ’s are all high enough for you to be very successful, but where people often fall short is on the EQ. It’s something you develop over time. A lot of management skills are EQ, because management is all about how people function.” Read Last Man Standing about him.
John Donahoe (eBay): Donahoe inherited a difficult situation from Meg Whitman with the need to truly alter the company’s business strategy. As a role model for Jim Collins’ Level 5 (humility & ambition) and Bill George’s “True North” leaders, Donahoe’s disciplined self-awareness and his listening ability have created a deeply loyal team and a healthy, evolving culture.
Larry Fink (BlackRock): Called “psychologically astute” in a Vanity Fair feature article, Fink created the largest money-management firm in the world based upon self-reflection, teamwork and direct communication. His senior leadership team embraces EI seminars to improve their skills.
Walk around Ford’s corporate campus and you will see office cubes featuring handwritten notes that Mulally has sent to employees... praising their work. Great interpersonal skills and a “Clinton-esque” ability to make you feel like you’re the only one in the room when you’re in a conversation with him.
Indra Nooyi (Pepsi): Nooyi is a conscious capitalist whose “performance with purpose” agenda has helped move employees from having a job to living a calling. She is acutely aware that being a woman of color means she may receive more attention and scrutiny, but she still projects her personality without reservation — whether it’s singing in the hallways or walking barefoot in the office. She wrote the parents of 29 senior Pepsi execs to tell them what great kids they’d raised.
Howard Schultz (Starbucks): He says that the main reason he came back was “love”: for the company and its people. Very dedicated to generous health care benefits — inspired by his father losing his health insurance when Schultz was a kid.
Kent Thiry (DaVita): Leaders with high EI/EQ create culture-driven organizations that perform at their peak due to the power of mission and teamwork. Thiry took over a demoralized kidney dialysis center company that was almost out of business and, with a passionate spirit, created nearly 44 percent annual growth in earnings per share in the past decade, 6th highest of any Fortune 500 company.
Keep

Educating

Yourself
In Family Businesses; How to Boost your, and other’s Emotional Intelligence
Boosting EQ

Turn self-deception into self-awareness
Boosting EQ

Turn self-focus into other-focus
Boosting EQ

Be more rewarding to deal with
Boosting EQ

Control your temper tantrums
Boosting EQ

Display humility, even if it’s fake
## Enrich your Emotional Bank Account

<table>
<thead>
<tr>
<th>Withdrawals</th>
<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violating expectations</td>
<td>Clarifying Expectations</td>
</tr>
<tr>
<td>Disloyalty, duplicity</td>
<td>Loyalty to the absent</td>
</tr>
<tr>
<td>Pride, conceit, arrogance</td>
<td>Apologies</td>
</tr>
<tr>
<td>Not receiving feedback and giving &quot;You&quot; messages.</td>
<td>Receiving feedback and giving &quot;I&quot; messages.</td>
</tr>
<tr>
<td>Holding grudges</td>
<td>Forgiveness</td>
</tr>
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Enrich your Emotional Bank Account

<table>
<thead>
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<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek first to be understood.</td>
<td>Seek first to understand.</td>
</tr>
<tr>
<td>Breaking promises</td>
<td>Keeping promises</td>
</tr>
<tr>
<td>Smooth manipulation</td>
<td>Honest, openness</td>
</tr>
<tr>
<td>Unkindness, discourtesies</td>
<td>Kindness, courtesies</td>
</tr>
<tr>
<td>Win-Lose or Lose-win thinking</td>
<td>Win-Win or no deal thinking</td>
</tr>
</tbody>
</table>
A Reflection

«أسعدُ الناسِ من أسعدَ الناسَ»

«فاقد الشيء لا يعطيه»
“For all sad words of tongue and pen, the saddest are these: *it might have been!*” But someone else taught, “*it is never too late* for us to become what we might have been.”

John Greenleaf Whittier (1807-1892)

“Maud Muller”(1856)
Thank You