

What Is Your Emotional Quotient?  
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We are now in a completely different era — one that is driven by customers, competitors, and external forces. The problem now is adapting the manufacturing company to the marketplace and the changing demands of customers.

In my book, “Saving American Manufacturing,” I make the case that the traditional manufacturing organizations, “Defender Organizations,” are manufacturing businesses that focus on improving internal operations and efficiency. Defender organizations worked because markets and customers were stable and there was little foreign competition. It goes without saying that the people who owned and managed these types of companies were also very good at internal systems and operational efficiencies.

There are many highly trained and experienced executives who have done well managing Defender-type manufacturing companies. But many of them are now having trouble in leading their company through the battlefields of globalization. They seem to be frozen in the headlights and continue to rely on the skills and experiences that worked for them in the past.

The fact is that General Managers must deal with a wide range of events that are caused by people — be they customers, competitors, vendors or employees. They must get the job done in a fast changing environment with limited staff and limited time.

“Prospector Organizations” are designed to operate in a fast-changing marketplace to find new markets and new customers, and develop new products and services. They must be flexible and fast moving organizations.

If you evaluate the characteristics of the successful “Prospector” company, you will quickly see that succeeding in new markets, with new products, and in a decentralized organization will require a different kind of leader — one who understands what drives people. The data suggests that the best leaders to manage manufacturing companies in the future may be people who are comfortable with the challenges of people, the ambiguities of satisfying customers and the intangibles of business. Technical competence alone will be insufficient.

The ideal future manager will be prepared to take risks and to use his/her interpersonal skills to convince, and motivate colleagues.

In reality, General Managers have to figure out what they must do despite a great deal of uncertainty, ambiguity, inadequate market and customer information, a lean staff, and, in many cases, new foreign competition. They have to get things done by

and, in many cases, new foreign competition. They have to get things done by motivating a large staff of very diverse people without much control over most of them. And they must have the ability to gather informal information from a large network including customers, sales reps, vendors, supervisors and workers.

So how does the successful General Managers really do it?

**Planning** — Instead of Strategic planning, most successful GMs develop their own agendas and have a financial plan with a budget and sales forecast. Contrary to what MBA programs teach, the emphasis is not on 100 page reports done in a Strategic Planning format — it is usually an agenda that is communicated with few sheets of paper. They focus on strategies, new products and customers, and emphasize goals and objectives that could change every year. The best GMs seek information to develop their agendas from others including encouraging feedback on bad news.

**Communication** — Top GMs are very good at building communication networks of people, which includes a wide variety of informal and formal communication methods in the network. The network includes board members, managers, supervisors, workers, and customers, which requires very good social skills. The network is consistent with the type of organization, so it usually requires moving, hiring, promoting and firing people to get the right organization that can do the most work. To get people to work hard for the GM requires a wide variety of face-to-face conversations and building relationships both formal and informal.

**Implementation** — The best GMs are able to both implement their agendas and mobilize more people to get more work done by establishing cooperative relationships. When you get to the implementation stage, it is very helpful for each direct report manager to know exactly what is expected in terms of work and responsibilities for one year. This can be in a simple, one-page format that I call a QUAD Plan, which describes the major problems, solutions or strategies, measurable objectives and tasks. This insures that the GM has communicated what needs to be done and gives the GM a tool to follow-up.

However, the art of implementation and follow-up will depend on a cooperative relationship and the manager's capability in a variety of skills. This gets into what I like to call business psychiatry because it includes tactics such as asking, encouraging, cajoling, praising, rewarding, demanding and manipulating in face-to-face situations and with great skill.

Managing in today's economy requires skills in understanding and managing people rather than processes. The best research that I have found that identifies a profile of what we need for new leadership is Daniel Coleman's book, "Emotional Intelligence." Coleman's research makes the case that emotional intelligence is the most important factor that differentiates a typical from a great leader.

Coleman says, "to be sure intellect is a driver of outstanding performance. Cognitive

skills such as big picture thinking and long term vision are important. But when I calculated that ratio of technical skills, IQ and emotional intelligence as ingredients of excellent performance, emotional intelligence proved to be twice as important as the others for jobs at all levels.”

Coleman’s Emotional Intelligence Scale measures five different components of emotional intelligence at Work:

**Self-Awareness** — Any leader who won’t or can’t accept criticism sends out a signal that criticizing their style, decisions and policies is off limits. As soon as that happens, employees are forced to stylize the truth or modify the facts to fit the leader. The leader is then put in the position of not getting all of the hard facts and truth necessary to adapt the company to the changing marketplace. It takes a strong and open-minded individual to be aware of their weaknesses and to be strong enough and open enough to accept constructive criticism.

**Self-Regulation** — One of the central tenants of critical thinking is the ability to be able to rise above your moods, biases, emotions and prejudices to make the best decision. Self-regulation is the key factor in making the right decision during a time of great change. It is the ability to suspend judgment — to think before acting.

**Motivation** — There are many executives that are driven to succeed because of monetary rewards, status or stock prices. But Coleman’s research shows that the new leaders are motivated by a “desire to achieve for the sake of achievement.”

These people have a passion for new challenges and like work that is new and interesting and requires fast learning. These people are rare but they are out there.

**Empathy** — The ability to understand the emotional makeup of other people. Empathy is important for building teams, which are an essential part of the decentralized organization. Teams are always composed of people who have different agendas, emotions, needs and views, but they still have to work together and make consensus decisions.

**Social Skills** — This is about proficiency in managing relationships, building networks and building rapport with people. Surviving in the new economy has more to do with people than with things.

Discussing empathy and social skills may sound like business psychiatry, but they are used as skill sets by the most successful of today’s business leaders. These new leaders have the special social skills that allow them to deal with customers, employee unions, vendors, governments, competitors and people problems in general. They have another dimension to them that is beyond the administrative, analytical and data side of the business. They are the types of leaders who can manage a Prospector organization.

Does your company leader or General Manager have the skills necessary to manage in this new environment?

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