

# THE PEOPLE-PROFIT CONNECTION

HOW EMOTIONAL INTELLIGENCE  
CAN MAXIMIZE PEOPLE SKILLS  
& MAXIMIZE YOUR  
PROFITS



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## I: *An Introduction to Emotional Intelligence*

*People do not remember you by any intellectual idea or concept you may have given them, but by some subtle emotional impression you may have made consciously or unconsciously. It is what one thinks about you after you have left him that counts.*

—Frances Wilshire

**W**HAT MAKES A GREAT LEADER? Think for a moment about a great leader whom you admire, someone you really look up to. What are the characteristics that make this person great? Whenever I ask this question, I usually get a long list of skills. A great leader has good communication skills, empathy, listening skills, passion, assertiveness, focus, decisiveness, motivation skills, relationship skills, and vision. Invariably, it is a long list of the so-called “soft” skills, or emotional intelligence competencies. Very rarely does anyone say that a great leader has incredible technical skill or vast intellect or an advanced degree from a prestigious college.

Isn't this list of attributes just as valid for most areas of the construction business? Think of the best owner's representative, the best architect, the best designer, the best construction manager, the best laborer, the best carpenter, the best plumber, the best electrician, the best superintendent, or the best project manager. Don't most of them possess good people skills? Aren't these people skills a vital part of what makes them effective and what makes you want to work with them? Don't we continually receive requests for our best people, the ones who have those great interpersonal skills? Isn't it a shame that we can't put them on all of our projects? If people skills differentiate these stars, then why don't we try to cultivate these skills in all of our employees?

Most of our decisions are based on emotional responses. Most

choices we make, the red Mustang, the dark woman with red hair, that favorite pair of blue jeans, even something as simple as how you like your eggs are triggered by emotional impulses. In fact, recent brain research reveals that the emotional part of the brain is involved in every aspect of our day-to-day thought processes. Without this connection to the emotional part of the brain, cognitive thought processes such as decision making are nearly impossible. Simply put, our brains are hardwired for emotion. We can't escape it. The limbic system, or the primitive, emotional center of our brain, is working all of the time.

There is an interesting case study in the book, *Emotional Intelligence*, by Daniel Goleman, a leader in this field. He tells us about Elliot, a successful lawyer, whose brain was damaged during an operation. The area that was damaged was the part of the brain that links the emotional part to the thinking part. Although he was cognitively intelligent, because he could not call upon the emotional part of his brain, he functioned more like a computer. As a result, his life fell apart. "He could no longer hold a job. His wife left him. Squandering his savings on fruitless investments, he was reduced to living in a spare bedroom in his brother's home." <sup>2</sup> Without this emotional link, the thinking brain could no longer assign values to the situations that arose. According to Goleman, "every option was neutral".

The people who study emotional intelligence began by asking a very simple, but profound question: What makes people successful? They tried to quantify it. They looked at IQ and other intelligence indicators. They looked at higher learning and technical training. Did success lie in having the best education? What about MBAs, PhDs and other postgraduate degrees? Did they give people the competitive edge to become more successful?

Of course, the other thing that we need to define is "success". We could come up with a thousand definitions. Is it based on

social function, financial success, peer approval, a level of happiness? For the purpose of this book, we will try to simplify things. Let's define success as being a top performer in your field.

So, who are the most successful people? The answer probably won't surprise you. It isn't the people with the highest IQs or the people with the highest levels of technical or academic ability. Many of the most successful people have average IQs and education levels. So if it isn't technical skill, higher education, or intellectual intelligence, what makes people successful?

According to David Caruso, another leader in the field of emotional intelligence, most successful people have learned to "accurately identify emotions, use these emotions to influence how [they] think, understand the underlying causes of these emotions, and manage with emotions by integrating the wisdom of these feelings into [their] thinking." <sup>3</sup> Beyond that, most successful people have learned to understand emotions in others and make true emotional connections. According to Irwin Federman, a partner at US Venture Partners, great leaders know that "people will work harder for someone they like, and they like you in direct proportion to the way you make them feel."

All things being equal, the people who excel are the ones with higher levels of emotional intelligence. Not that technical ability is unimportant. In fact, it is important for success, especially in the construction industry. But technical ability and experience can only take you so far. One construction leader called it "the price of entry", but once that technical knowledge is in place, emotional intelligence is vital for ongoing success. One program participant put it this way, "Relationships and impressions are just as important as bricks and mortar."

The following is a graphical representation of the emotional intelligence and knowledge axes. The highlighted box indicates where most construction managers lie. For the purposes of this

book, we will use “construction manager” as a generic term to include anyone who is involved in managing the various parts of the construction process. These managers tend to have medium to high levels of specialized knowledge, but average to low emotional intelligence and even lower interpersonal skills.

HIGH EMOTIONAL INTELLIGENCE	
steady performer moderate to high success may hit career limit great relationships moderate to high happiness medium to high stress	high performers high success good life/work balance low stress high happiness self development great relationships
LOW KNOWLEDGE (education, cognitive learning/tech ability)	<div style="background-color: #cccccc; width: 100px; height: 40px; margin-bottom: 5px;"></div> HIGH KNOWLEDGE (education, cognitive learning/tech ability)
low performers inability to maintain relationships inability to maintain jobs unhappy high stress blames others	technically trained PhD's, researchers engineers can't deal w/people poor relationships medium to high stress
LOW EMOTIONAL INTELLIGENCE	

Most construction folks tend to be in the highlighted box.

The technically educated people in the construction industry such as civil engineers and building construction majors receive

very little “people skills” training while in school. There are few courses on interpersonal relationships, communication, empathy, or teamwork. I have also investigated the curricula of several MBA programs, and most of those programs do not adequately cover these areas either. It is a fundamental flaw in our education system, especially for technical people. Those who come up through the field under a mentor with good people skills will have a greater tendency to use these skills. But if they came up under one of those “old school” managers, they may be using the old “kick ass and take names” style to their own detriment.

Managers who focus on these non-technical skills and embrace emotional intelligence become better leaders. One program participant said, “Improving my emotional intelligence builds up my self-confidence and optimism. I started to think and act a lot more using emotional intelligence. We have stressful situations in my business unit and this has helped me to take my company through the hard times.” These leaders have learned to tap into that very important part of themselves. They have discovered that they can measure and improve these “soft skills”, change behaviors, and increase performance. They become more effective both personally and professionally. There are dozens of testimonials documenting improvements in leadership skills and people skills as a result of this work with emotional intelligence. See the appendix for case studies of companies and managers who have enhanced their emotional intelligence, increased their effectiveness, and improved the way they work.

There are several instruments that measure emotional intelligence. One of the best instruments is the Bar-On Emotional Quotient Inventory, or EQ-i®. This evaluation was seventeen years in development, and there are over 1,000,000 evaluations in the database. Reuven Bar-On coined the term “EQ” (Emotional

Quotient) to represent emotional competence as opposed to IQ (Intellectual Quotient), which measures intellectual capacity. The Bar-On EQ-i® is a validated, self-perception instrument that measures five main scales (intrapersonal, interpersonal, stress management, adaptability, and general mood). Within each of these scales, there are individual competencies or subscales. Here are the definitions of each of these competencies:

**INTRAPERSONAL:**

*Self-Regard* is the ability to respect and accept oneself as basically good. It is also related to self-confidence.

*Emotional Self-Awareness* is the ability to recognize one's feelings and share them appropriately with others.

*Assertiveness* is the ability to express feelings, beliefs and thoughts and defend one's rights in a non-destructive manner.

*Independence* is the ability to be self directed and self-controlled in one's thinking and actions and to be free from emotional dependency.

*Self-Actualization* is the ability to realize one's potential, using your talents to the best of your ability, to be generally satisfied with your life.

**INTERPERSONAL:**

*Empathy* is the ability to be aware of, to understand, and to appreciate the feelings of others. (Note: This is not to be confused with sympathy, which is feeling sorry for the other person.)

*Social Responsibility* is the ability to demonstrate oneself as a cooperative, contributing, & constructive member of a larger group.

*Interpersonal Relationships* is the ability to establish and maintain mutually satisfying relationships.

**STRESS MANAGEMENT:**

*Stress Tolerance* is the ability to withstand adverse events and stressful situations without "falling apart" by actively and positively coping with stress.

*Impulse Control* is the ability to resist or delay an impulse, drive, or temptation to act.

ADAPTABILITY:

*Reality Testing* is the ability to see the real situation and not be overly optimistic or pessimistic.

*Flexibility* is the ability to adjust one's emotions, thoughts and behavior to changing situations and conditions.

*Problem Solving* is the ability to identify and solve problems as well as to generate and implement potentially effective solutions.

GENERAL MOOD:

*Optimism* is the ability to look at the brighter side of life and to maintain a positive attitude, even in the face of adversity.

*Happiness* is the ability to feel satisfied with one's life, to enjoy yourself and others, and to have fun.

When this EQ-i® evaluation is taken, the results are compared against a normative group, or a large group of people who have taken the evaluation. The numerical results for each competency fall into a bell curve. Similar to an IQ test, 100 is the mean or average. Scores ranging from 90-110 are considered average or adequate emotional functioning. Scores higher or lower than this range can indicate that the respondent is above or below average. By measuring these fifteen competencies and more importantly, by comparing the relationships among them, we can determine problem areas to target for improvement.

Hundreds of people in the construction industry have taken this evaluation and not one has said that the results were invalid. In fact, almost all of the people to whom we have given feedback have agreed that the evaluation was quite accurate. The validity scales that are built into the evaluation bear this out as they are usually well within the normal range. I believe it is because of the participants' desire to be accurate. They want the results to

reflect their behavior. Occasionally, respondents tell us that they think some of their low scores, such as empathy or interpersonal relationship skills, are inaccurate. When this happens, we ask them to show the results to the people who know them well, such as their spouse or close friend or colleague. Each time they have returned and told us that these other people agree with their EQ-i® results indicating that they probably do need to work on those particular skills.

After seeing hundreds of these EQ profiles for construction folks, a definite pattern emerged. Although there were individual differences, every group with whom we worked had virtually the same EQ profile. We have aggregated all of the scores from over three hundred construction managers into a group EQ profile for the construction industry. This group includes fifty different companies from all over the world and a wide cross section of people from various parts of the construction industry including general contractors, subcontractors, vendors, suppliers, construction managers, design firms, and architectural firms. The positions include assistant superintendents, superintendents, assistant project managers, project managers, senior project managers, subcontractor owners and employees, architects, engineers, building construction majors, business unit managers, estimators, sales people, production people, vice presidents, senior vice presidents, business developers, project executives, and a small number of support folks such as accountants, marketing staff, human resource, and information technology people. Although most of the participants were men, there were a few women. (Find the EQ profile on the next page.)

The first thing that stands out is a relatively low score in emotional self-awareness, which is key for good emotional management. Also note the relatively high assertiveness, indepen-

## TYPICAL CONSTRUCTION MANAGER EQ PROFILE



dence, and self-regard in contrast to low scores on emotional self-awareness and interpersonal skills across the board (low empathy, low social responsibility, and low interpersonal relationship skills). Keep in mind that this is an average profile. Some of the participants scored quite high in interpersonal skills, making the average higher. We have worked with some participants whose interpersonal scores were in the 50s.

This group also tends to have high stress tolerance and low impulse control. This is a chaos profile based on a reactive management style which is inherent in the industry. Most managers go from crisis to crisis. This group scores high in reality testing, which means that they are neither overly optimistic nor pessimistic and usually see things in black and white. In addition, the self-actualization and happiness scores for this group tend

to be low. This speaks volumes about the industry today. Many believe that it just isn't as enjoyable as it used to be.

With this typical profile, most construction managers are perceived as aggressive, independent, and capable, but may also come across as people who don't listen, seldom ask for input from others, or won't involve others in the decision making process at all. They are often blunt and undiplomatic, have a hard time delegating, and tend to micromanage. Due to this crisis management style, they usually spend little time developing themselves or mentoring subordinates.

Also note that without the strong interpersonal skills to balance competencies like assertiveness, independence, and self-regard, these strengths can become weaknesses. Someone with high assertiveness can become aggressive, someone with high independence can become a loner who doesn't interact with others, and someone with high self-regard can become arrogant.

Prior to the publication of the first edition of this book, Brian K. Walker of Virginia Polytechnic Institute and State University wrote his Master's Thesis titled *Emotional Intelligence Within the A/E/C Industry: A Step Toward Effective Collaboration* (May 28, 2003). Mr. Walker's statistical analysis of 104 total participants from seven different companies revealed a typical construction person profile that was almost identical to mine. This data is further evidence of this typical construction manager EQ profile, which seems to be consistent across the industry.

There are other EQ profiles that can indicate performance or behavioral issues. A low score on assertiveness, independence, and self-regard, along with relatively high scores on empathy and social responsibility may indicate a person who has trouble saying no, who gets taken advantage of or walked on. These people may have trouble negotiating and firmly stating their

beliefs. This profile is rare in construction managers, but more common for administrative and support positions. It would be very beneficial to know about this profile prior to hiring because this can be problematic for supervisory positions. We've all seen those poor souls who just can't seem to stand up for themselves, but by working on their assertiveness, independence, and self-regard, they can become much more effective.

Low self-actualization along with low happiness and optimism in a forty-plus-year-old may indicate the proverbial mid-life crisis, which could affect productivity at work. Many participants with this profile admit that they are questioning their direction in life and are not satisfied with where they are.

If we can identify this situation early, we can make positive changes before they buy that Harley motorcycle and leave the company on a cross country road trip. This same profile is typical for new parents, especially when the score for social responsibility is also low. You've seen the new father, bleary-eyed and exhausted for the first few months of the baby's life. This certainly affects his productivity at work. Both of these issues can be addressed by working on a clear direction for the employee's life and career and letting them know that this is just a transitory period in their lives.

If you add a low stress tolerance score to this profile, it may indicate burnout. Stress and burnout are huge issues in the industry, and the cost is high in both business and human terms. The statistics on the increase in stress and burnout are alarming. You see these people all of the time in the industry. They are overweight and out of shape, with poor eating habits and dysfunctional lifestyles. They are on the treadmill and see no way off. Accurate evaluation and early identification of stress and burnout along with lifestyle adjustments, diet, exercise, and

stress reduction can prevent problems such as absenteeism, low productivity, and stress related illnesses.

High assertiveness, low impulse control, and low flexibility may indicate a problem with anger management or other impulsive behavior. You've seen the guy who storms into the jobsite trailer, yelling and swearing and throwing his hard hat. It's not a pretty sight. By working on these fundamental emotional competencies, managers are better able to control angry outbursts and work toward a fundamental change in behavior. This makes them much more effective in their dealings with project stakeholders.

For the construction industry, there are several advantages to focusing on emotional intelligence as a way to develop people and solve industry problems:

1. Many companies realize the importance of “soft skills” and invest in the training of these skills, but rarely know if the training has been effective. This is a way to measure and improve these skills to produce tangible, fundamental changes in behavior.

2. Emotional intelligence work may answer previously unanswered questions for individuals in your company. Employees may already know that they have difficulty with relationships or anger management problems. They may have been told during their review process that they need to “work on their people skills” or “be nicer to people”. The problem is that they may not be able to pinpoint exactly how to do that. But once they take the EQ-i® evaluation and see low scores on empathy or impulse control, they are able to focus on these specific areas to create fundamental behavioral change.

3. Engineers and technically educated or trained people like numbers. As construction people, we are obsessed with them – tolerances, schedule days, budget numbers, manpower, produc-

tivity numbers, etc. Most construction folks are not shy about sharing their scores. They boast of high scores and sheepishly share their low scores (usually in the interpersonal skills) and vow that they will increase them. People in the industry are much more likely to embrace this work because it produces tangible results that can be measured and improved.

Emotional intelligence is imperative for effective performance. If we evaluate our employees' emotional competencies, identify their developmental needs, and help them to work on these areas, they will improve these skills, increase their effectiveness, and eventually contribute more to the bottom line.

## 2: *Emotional Intelligence and the Bottom Line*

*People work for people, not companies.*

*A worker's regard for his supervisor will affect his opinion of his employer. Production is related to attitude, so much so that an organization which disregards this human equation will not achieve as much as it could achieve.*

—Gerard R. Griffin

WE TALKED IN CHAPTER ONE about the “old school” construction manager. For those of us who have been in the construction industry for a while, we all know who the “old school” construction manager is. He’s the one who kicks ass and takes names, the one who gets the job done. He doesn’t take crap from anybody, punishes subcontractors, and holds the owner’s and the architect’s feet to the fire. He doesn’t think twice about compromising safety if he thinks it will increase his profit and personal bonus. If the project is a hard bid project, he finds a large percentage of change orders due to errors and omissions in the drawings, specifications, and contracts. He is willing to make others look bad so that his company can look good. It is his philosophy that since the next project will probably be awarded to the low bidder, it is unnecessary to create and maintain good relationships. It is far more important to “win” at all costs.

But the face of construction is changing. The industry is becoming more of a service industry. We are getting away from the notion of delivering a building to an owner and walking away. We are seeing more design-build and negotiated projects, more team approaches beyond mere partnering agreements, more ongoing service contracts, and more repeat business. This “old school” guy is becoming a dinosaur. The new construction manager not

only needs high levels of assertiveness, self-regard, and independence, but should also have balance in his emotional makeup. He should be a person who is likeable, with strong empathy, communication, and relationship skills. He should be able to build teams and carry out a project plan with a sense of cooperation, constantly looking for “win-win” outcomes. In short, he needs a higher level of emotional intelligence. One participant put it this way, “It is not what you know, but the way you present things. Leading and motivating is not just pointing and screaming.”

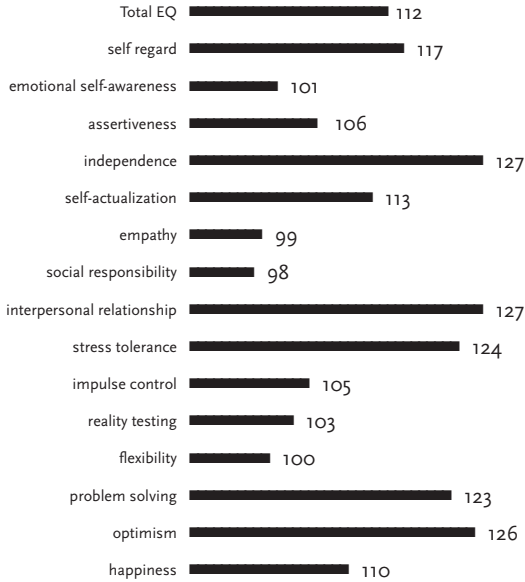
Centex Construction is one of the top contractors in the USA. According to John Tarpey, the Division President and CEO for Centex Construction in Washington, DC, there are four basic areas of product delivery for the construction industry—schedule, budget, quality, and relationships. Most contractors are fairly adept at the first three, but it is the last area, the area of relationships, where many contractors fail. Ask yourself what a client remembers a year after a project is complete. Is it that the project was built on time, within a budget with reasonable quality? More likely what will be remembered are the relationships on the project—good or bad.

The chart on the next page is an EQ profile for a forty-seven year old high school educated man who owns a highly successful contracting business (Case Study 4 in the appendix).

His EQ-i® results shown below may explain why he has done so well. This person’s total EQ score was close to the upper limits of the average range (112), which suggests that he was well prepared to deal with the usual demands and pressures of everyday life. By studying six of his highest scores, it became quite clear how he became so successful. His intrapersonal strength stems from his positive self-regard (SR=117) and a very high degree of independence (IN=127). Moreover, one of his highest scores was in the interpersonal relationship domain (IR=127). These intrapersonal

and interpersonal strengths combine with a very high degree of optimism (OP=126), stress tolerance (ST=124), and a down-to-earth, highly developed ability to solve problems (PS=123).

#### CASE STUDY 4



Other people considered him to be a “very good person to work with and for.” Interestingly, he received a total IQ score of 102 on an intelligence test that was given toward the end of his last year in high school. An IQ of 102 placed his cognitive intelligence in the middle of the average range; his grades in high school were also average.

Although he had high self-regard and independence similar to the typical construction manager’s profile, he has balanced these strong traits with great relationship skills. He has used his emotional intelligence to his advantage which thoroughly prepared him for the paradigm shifts in the construction industry.

Let's take a closer look at some of these shifts:

<i>Old Paradigm</i>	<i>New Paradigm</i>
Large labor pool	Competition for talent
Homogenous labor pool	Multi – cultural labor pool
Manage processes	Manage people
Low bid work	Negotiated work
Short, adversarial relationships	Long, satisfying relationships
Lack of client focus	Focus on client and his needs
Communication lacking	Communication focus
Decrease overhead	Increase performance
Safety a nuisance	Focus on safety
Environmental ignorance	Environmental focus
High stress/burnout	Reduce stress/burnout

This new paradigm requires a different set of skills than the old paradigm. The problem is that the typical emotional intelligence profile for construction folks is in direct contrast to the skills required for this shift. Let's revisit the typical construction industry EQ profile found in Chapter 1.

In an industry where collaboration, good relationships, team work, flexibility, and communication are essential for success, the people who are attracted to this business generally have low emotional self-awareness (lack of understanding of self), high assertiveness (aggressiveness), high independence (not a team player), high self-regard (leaning toward arrogance), low empathy (lack of understanding of others), low social responsibility (they don't work well in groups), and low interpersonal relationship skills. The data is consistent and undeniable. Think about it. Many of the people in the construction industry have this typical profile. No wonder it's such a difficult business!

Emotional intelligence is not some “touchy-feely” approach to management. It’s not about group hugs and everyone getting along like robots. As we said before, we are hardwired for emotion, and it is integral to the way we think and interact with people. Understanding others helps us to be more effective. Peter, one of our participants put it this way, “I’ve learned that being able to understand what is motivating the other parties is essential for achieving your objectives.” Another participant called this understanding “a definite competitive advantage”. But with this typical EQ profile, understanding others is limited. How many people can you think of in the construction industry with this typical EQ profile? How many employees has your company given up on because of their lack of people skills? Now there is hope for these people. By evaluating and improving their emotional intelligence, they will be able to thrive in this new paradigm.

Most companies are not prepared for these industry shifts, nor do they know how to cope with them. But the key to dealing with these shifts is in addressing the emotional intelligence needs of your employees and your company. In fact, it is critical for your future success. You must give your employees the proper tools, training, and encouragement to survive in this changing climate in the construction industry. You must pay attention to their emotional competencies, evaluate them, identify developmental needs, and provide programs that will enhance their social competence. Without these skills, without the proper emotional tools, managers will fail in this new work environment. Companies who ignore these trends will lose work, lose employees, reduce their margins, and eventually go out of business. But those companies who pay attention to this vital work will hire great people, help them with their emotional development, create lasting client and stakeholder relationships, and thrive in this new marketplace, ultimately adding a great deal to the bottom line.