

Coaching Emotional Intelligence: The Business Case for Human Capital

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INTRODUCTION

Adam Smith is playing his hand a bit differently these days. The invisible force that shapes the interplay of markets of the world wasn't ready to find it flat (Friedman, T.L., 2005). Despite this new business landscape, organizations and the leaders that drive them have held to a *Working Strategy* based on traditional economic efficiencies and intellectual paradigms of the past; a *Winning Strategy* is needed to integrate operational effectiveness and emotionally intelligent leadership to achieve the same fiscal metrics. Today, demographics shift power in favor of employees, economics cause the HR Department and the CFO to play together, and we find ourselves in a living oxymoron called "human capital." Leaders are being asked to touch the rational and limbic "go" buttons of this raw human capital and transform it into increased productivity, profitability and retention. Traditional organizational structures are challenged to find managers that can be transformed into leaders who then galvanize employees to innovate and translate this to ever-higher value for customers. The profit motive continues to drive our economy, yet the means to get there have changed. Coaching is the catalyst to transform leaders and their organizations from Working Strategy into a Winning Strategy.

THE WORKING STRATEGY: EFFICIENCY AND PRODUCTIVITY

Both individuals and organizations have Working Strategies. They result from successful decisions, familiar language and paradigms that held true in the past that have become the basis for future decisions. Habitual responses, and years of thinking in a groove burn neural pathways that steadily perceive the world as it was, not as it is. Over the years, this forms a solid foundation of doing more of what has always been done yet expecting different results. Some call this insanity. It's more efficient for the brain of the organization and the mind of the leader to work familiar shortcuts through conditioned thinking. This fixed biology is similar for organizations as well as the individuals that comprise it. But sticking with nostalgia, or arrogance of the past, will not bode well for the future in a competitive, global marketplace.

The Working Strategy of business has been to drive shareholder value in one of two ways: by increasing revenues or cutting costs. Corporate thinking, pressured by quarterly results, often drives short-term thinking such that companies manage not their assets but expenses to meet the expectations of the Street. Layoffs, budget cuts, cancelled trainings and divestitures were cost saving strategies to boost quarterly profits. This short-term thinking had employees paying the price as shareholder value superseded employee value. This hard-wired Working Strategy goes back to the *Industrial Age*, when people contributed their backs to build physical plant. At the end of a day on the production line workers had

produced a physical product. Money was compensation, and the individual earned his wage. Organizations had centralized structures and leadership was influenced by military hierarchies where management exercised top-down command and control for the efficient deployment of resources. Human Resources operated as a cost center and staff function which managed people issues and viewed training as an end, and coaching as remedial at best. There was a language barrier, not to mention a firewall, between HR and finance. These structures worked for a largely unempowered, obedient labor force with routine skills in pursuit of cash compensation, a gold watch and a secure pension.

A dearth of leadership today might be attributed to this footprint of the past. “Manager” was a term coined in this era to drive efficiency down the organization, and evaluate how much, how many and when widgets were produced. The Human Resources Department followed suit as a policy-making staff position for people issues which, when necessary dispensed with them as dictated. People were fungible in a world where lowest cost to market was the key differentiating factor. Similarly, the linear academic training of the MBA became entrée into leadership, serving to propagate multiple theories on how business gets to the bottom line: buy low, sell high, collect early and pay late. The message was *be efficient, manage scarce resources and make a net gain from your venture*, perpetuating the strategy of driving revenues and cutting costs. Great business minds became habituated into this efficiency focus; systems, language, formulas and metrics perpetuated the repertoire. If something didn’t work, resources were manipulated, as was the environment or policy and procedure, rather than considering how the individual at the helm might be the variable that needed to change. Such was the Working Strategy. And it only worked to a point.

WHY THE WORKING STRATEGY DOESN’T WORK

Change is hard; transitions are messy. The management prototype of industrialization stayed with us as we evolved. The *Information Age* saw businesses identifying the knowledge people held and valuing their mental-manufacturing capacity. As technology became a means, not only an end, organizations extended globally and got flatter, and employees defected to sexier companies with dot.com surnames. Fixed corporate pensions gave way to portable 401k plans and a lifetime career path started to average 3-4 different employers. Today one baby boomer turns 62 every 20 seconds; Gen X and Y feel highly confident that better opportunities await them as they seek a whole different experience at work. These generations, perhaps the most affluent of the post-WWII period, want to learn and grow through their careers. They want their work to have meaning. And to get it, they’ll likely change jobs every 18-24 months for a renewed learning experience (Towers Perrin, 2005). Couple this with a global workplace, virtual teams and Google-esque employee perks and the challenge of organizations attracting people and retaining them creates a supply-side advantage to employees. An increasingly specialized, educated and autonomous workforce is rattling existing corporate structures. Consequently, the C-suite is transitioning to a new way of thinking, a new language, way of differentiating, investing and leading in this global marketplace that challenges our mental models.

We need a new paradigm to address a new definition of value. Automation and off-shoring are moving rote and routine tasks to the lowest cost geography (Friedman, T.L., 2005). As a result, Adam Smith's "invisible hand" is asking for higher order thinking and value creation from employers *and* employees to satisfy customers. It's asking for employee creativity, innovation, strategic thinking and extra effort toward producing meaningful service experiences for customers. That means that employers must create more value, resources and richness for employees or lose out to the new *Employer of Choice* in the market who will. This requires leadership influence at every level of the organization. When companies do succeed in becoming highly differentiated for their employees (and therefore for their customers), the market will reflect this premium value.

THE VALUE PROPOSITION A WINNING STRATEGY

Enter the *Talent Age*. McKinsey coined the term "War for Talent," describing how employers would begin competing for the best and the brightest. "Talent" as a construct pre-supposes a way of integrating people as a key component of business strategy, not as an expense but as an investment in an intrinsic asset. According to Bruce Sommerfeld, CTO of Dallas-based, Capital Analytics, L.P., human capital represents the differential between the book value (hard assets) and the market value (share price) of a company -- intangible assets. In 2006, more than 80 % of the value of the S&P 500 came from intangibles: Good will, intellectual property, branding, structures, and processes, etc. This elevates the importance of the quality and quantity of effort people contribute to profit. The implications are huge. The profit motive hasn't changed, but the means for getting there has.

The old, Working Strategy keeps us from adapting the employee-as-asset mindset. Our language, our measurement tools and our structures for people-as-assets continue to elude organizations and leaders. An asset, by definition, has future service potential, generates more assets, and can be measured and controlled with an accounting entry. Whereas tangible, long-term assets are capitalized over many years, human capital continues to be looked at as a current period expense. We need new metrics. (Most CEO's believe in investing in people and that the ROI is high, but there are no metrics to argue the case when the CFO is armed with longstanding GAAP standards. This is where a revitalized HR department can champion people as part of the R—or return—in the ROI equation.) We know what dollars we invest in training and development, salary and benefits, so it's the "R" that needs to be adjusted to a longer timeframe, allowing us to consider year over year returns on a current period investment (Echols, M.E., 2005). The "I" or investment in this equation must be strategically manipulated. A people-as-asset paradigm is also being integrated on a macro-economic level: a precedent has been set in Denmark where information for investors about intellectual and human capital reporting will occupy at least one third of a company's annual report -- not to mention, a minimum of five measures for each which is required along with comparisons shown against the previous two years. (Foreman, D., 2006).

The greatest cost for most businesses is salary expense. Yet, compensation as a variable contributes no more than 2% to securing retention and long term loyalty. Money is fiat – a symbol for measuring, exchanging and accounting for wealth. It is fungible and fickle, and there are numerous outlets from which to acquire the script. Something more is needed to galvanize the unique, qualitative exchange of loyal effort for remuneration received. “Employer of Choice” is this new standard, representing the collective value an organization creates for people through training and development; decisions that invoke pride in their employer, a peer group of like-qualified colleagues, and leadership that acts fairly and is trustworthy in alignment with its claims. Companies that want the best talent need to develop leaders that create value through meaningful growth and development experiences for employees at their organization. In a highly mobile work environment where employees remain *at will*, the only security they may have is the skill and knowledge gained through work experience. Development has become the new compensation.

The cost of attrition magnifies the already high cost of salaries to a company. The replacement cost of an employee is between 1.75-2.5 times salary – higher for technical workers --- and doesn’t include the cost of lost productivity or customers. A manufacturing company has turnover to the tune of \$20 million, nearly 10% of its \$235 million annual payroll. The replacement cost of 2.5 times salary applied to this \$20 million attrition expense will cost the company between \$35 and \$50 million to replace these human assets (again, not considering lost productivity and clients) (Foreman, D., 2006). ASTD’s 2006 State of the Industry Report indicates that the average training and development investment hovers around 2.25-3% of payroll (Sugrue, B., & Riviera, R.J., 2005). It seems that investing to keep employees in the first place is worthwhile if only to avoid the cost of finding new ones. So, we can’t continue to manage costs. There is no program to cut, no cost variable to manipulate, nothing to take away that will eradicate these costs. Leaders are being forced not to take something away, but to put something back.

New language helps us build new paradigms. “Human Capital” is the business of people. This is putting pressure on the traditional role of the Human Resources Department and challenging the CFO to find a book entry for human assets. On the front page of the August, 2005 issue of Fast Company Magazine, a tombstone story “Why we Hate HR” called upon Human Resources leaders to take a new, business-oriented view of their people (Hammond, K., 2005). Encouraged to drop the short term, “it’s not in my budget” cost orientation and leave behind the policy-making, staff mindset, HR now has the opportunity to take a seat at the table for the business of human capital. Human Resources is being nudged to take on the perspective of the C-suite in building a new type of leader. A 2006 survey by Capital Analytics reveals 87% of CEO’s surveyed value learning and development, yet 71% of the same group would cut it in a downturn. Without language and metrics to trump the traditional argument, senior leaders cannot forge new trails. The role of the Chief Financial Officer (CFO) has evolved as did the Chief People Officer

(CPO) or Chief Human Resources Officer (CHRO). To bridge the chasm between HR and Talent Management functions, we might consider a Human Capital Resource Officer (HCRO) that effectively blends the two. Collectively, we need to merge these into a new culture and language to further a winning strategy in the Talent Age. Deloitte Touche Tomatsu and The Economist Intelligence Unit published *Aligned at the Top* (Aijala, A., Walsh, B., & Schwartz, J., 2007), a study on how HR can be elevated to business strategy, in which CEO's identify leadership as the top priority, followed by talent management, and high performing cultures. We argue that they are all touched by leadership. The study reveals that, "The most effective results come from having Senior Executives involved in the training effort. There is no substitute for direct contact with Senior Executives who have personal experience leading the company." This does not mean that leaders deliver training, but embody personally what is being taught formally. For maximum impact, training, coaching and mentoring have to be delivered in a top down manner in which leaders model what is taught, and what is desired for others to learn.

WINNING STRATEGY: DIFFERENTIATED SERVICE FOR PROFIT

Since 1944, corporations have been inspired by the Service-Profit Chain which holds satisfied employees as the wellspring for future profit. An organization creates value by playing to employee strengths, allowing them to make a valuable contribution; strong leadership breeds collaboration and affiliation to drive profit and reduce cost. This in turn creates value that travels through the chain. Employees are satisfied and they are empowered to make things right for the customers. Employees become loyal and so do customers. Loyal employees are more productive and drive value; value drives customer satisfaction, and customer loyalty. Richard Branson recognized this long ago with Virgin Atlantic as he imbued employees with growth, support and autonomy to drive client satisfaction which in turn drove shareholder returns. Research underscores Branson's strategy demonstrating that a 5% increase in customer loyalty can boost profits as much as 25%. This contribution lies in the hands of the employee (Haskett, J., Jones, T.O., Loveman, G.W., Sasser, Jr., W.E., & Schlesinger, L.A, 1994). A modified model of the Service-Profit chain might look something like this:

DIAGRAM I HERE

Source: Human Capital Institute 2007.

Jack Welch, the classic economic leader, states that the three most important things in business are cash flow, doing the right thing for customers, and *then* doing right by your employees. He later changed the order, putting employees before customers, saying, "The only way to generate enduring profits is to begin by building the kind of work environment that attracts, focuses and keeps talented employees" (Foreman,

D., 2006). The positive correlation of engaged employees and satisfied clients is high; the shift today is to manage the human capital value chain at the beginning—starting with employee investment to drive customer loyalty and ultimately, shareholder value.

THE WINNING STRATEGY: ENGAGEMENT AND AFFILIATION

The Winning Strategy will be hard-won. Because old habits die hard, we must have practices and interventions that create leaders of people rather than managers of process. Research from Gallup, Watson Wyatt and Towers Perrin has confirmed that the single most important variable in managing human capital is engagement—an impassioned relationship between worker and work. Engagement represents an employee's willingness and ability to contribute to company success by delivering *discretionary effort toward organizational goals on a sustained basis*. Engagement drives increased productivity (50%), profitability (44%) and contributes to retention (50%). Add to this the fact that engaged employees directly impact client retention, and there's even more reason to keep employees happy (Buckingham, M. & Coffman, C., 1999). Perhaps not surprisingly, engagement levels hover at about 16% in the United States and lower overseas (Towers Perrin, 2005). There is quite a bit of money left on the table if employees are electing to invest less than 100% of their discretionary effort at work. Research shows that engagement drives productivity and profit, which is *what*, is needed. We need to understand *how* this is accomplished.

Affiliation drives the emotional component. *Affiliation* is a complementary variable that we introduce here that creates an emotional bond to the leader and reduces expense. Marcus Buckingham of the Gallup Organization states that “people join companies and leave managers.” As such, the bonds of loyalty, passion and effort are a direct result of the experience created by direct supervisors, leaders in the chain of command. Affiliation counters attrition and lost productivity. The experience of being cared about, supported in learning and development, having close relationships at work, making a meaningful contribution, or doing what we do best, are today's non-cash compensation that come from a leaders' emotional and social intelligence.

Leaders must serve constituents. Gary Hamel, global thought leader on management issues, and professor at the London Business School, speaking at a conference in Johannesburg, South Africa, said, “Every company should ask ‘How do we increase our return on Human Capital?’” Hamel goes on to explain his theory that every employee brings six qualities to work: obedience, diligence, intellect, initiative, creativity and passion. The first three are global commodities. The last three are what differentiate businesses. Only by evoking all six of these qualities will a company prosper in a knowledge economy and a sellers' market for labor. John Thomas, Vice President of Booz Allen Hamilton influenced the development of the model below that shows how engagement drives profitability and profit, while affiliation reduces overhead.

DIAGRAM II HERE

Managers and leaders are being asked to compensate people in a new way. They must give of themselves – their time, their energy, their attention and knowledge, even their compassion, which is the kind of value that creates loyalty and is not an economic substitute easily be replaced by another employer. This kind of value is hard to quantify in terms of currency, but it has tremendous impact on engagement, productivity and profitability of the organization. It has cost savings in retaining people. Leaders become the opportunity capital-- the catalyst-- to transform human capital to fiscal results in this organizational alchemy. In order to inspire discretionary effort within human capital, leaders must ignite the subjective experience of the individual. To do this, leaders must be adept at both rational/analytical and emotional skills if an individual is to invest his or her human capital that becomes financial capital.

WINNING STRATEGY: SYSTEMIC COACHING FOR SUSTAINABLE LEADERSHIP

The Engagement Matrix below reflects a dynamic interplay of how leaders who inspire engagement and affiliation drive fiscal results. It considers traditional quantitative variables and introduces new qualitative dimensions to the business model. Below the line, in the southern hemisphere, are the classic business variables in the *Efficiency Domains*. These call for manipulating the environment, systems, policies, resources and expenses to arrive at or adjust fiscal performance outcomes that are desired. Above the line, in the northern hemisphere, are the *Effectiveness Domains* that focus on people and teams and the quality of their personal experience from the leadership climate. In the Effectiveness Domain we find the variables that influence and inspire people toward engagement and affiliation. Leaders who are facile in aligning personal and organizational goals by carrying out demonstrable behaviors, and acting with a high degree of Emotional Intelligence (EQ), can move human and social capital into intellectual and ultimately, financial capital for the organization. This is a rational *and* emotional perspective.

DIAGRAM III HERE

© Peoplesmith Global, Inc., Engagement Matrix

Leaders tacitly convey more than 70% of what is learned in organizations. That means, leaders can either dilute or enhance formal training programs, by the manner in which they live and demonstrate the values of the organization. As such, leaders are the *opportunity capital* that can evoke performance from people thereby creating the intangible assets and intellectual capital that drives financial results. An investment in a leader – not just for his or her individual competence, but for organizational competencies is an investment in leveraging human capital. As Jeff Akin, Principal of the Strategic Human Capital Practice at Booz Allen Hamilton tells us, “The hard work that brings the new culture to life begins with the development of behavioral competency models with progressive degrees of proficiency – when those are

tied to the global performance evaluation and career progression models, learning and actions become more consistent across the organization and the company itself becomes a more efficient talent market as the way work gets done becomes a common language. As such, leverage is introduced into the fabric of the company and the overall talent equation is shifted from a centralized model at the top to one of widespread, mutual accountability.”

It takes a relatively small capital commitment to coach leaders in behaviors that reverse the high costs of attrition. Coaching has become a \$1.5 billion industry in less than a decade. (PricewaterhouseCoopers, 2006) With good reason. Coaching is deliberate about achieving business results. As a dynamic intervention, it builds accountability for purposeful learning and a bias for action toward results. Training by itself is not development. Alone, it is not sustainable. Typically, it’s a one-time event that focuses on learning as an end in itself. Once the training is over and the book is placed upon the shelf, there is no accountability for behavior change. Perhaps this is why the Human Capital Institute suggests that 10% of the development mix be dedicated to training and augmented by 20% invested in coaching and mentoring. When coupled with training, coaching adds four times the impact of training alone (Olivero, G., Bane, K.D. & Kopelman, R.E., 1997). Mentoring adds connectivity to the organization, furthers a transfer of knowledge and allows leadership behavior to be modeled and emulated. Yet, investment in developing leaders who can enhance or dilute the impact of training and coaching offers the greatest return. Through coaching, leaders learn to coach others, model desired behaviors for organizational constituents, create a leadership brand, and reinforce the effects of training and mentoring. Thus, leaders understand how to develop an engaged and affiliated workforce. They learn to develop others as a core competence of strategic leadership. The value proposition for coaching strategically for affiliation and engagement can be found in coaching leaders in emotional intelligence. Not just as a means for becoming the ‘Employer of Choice,” but also in transforming human capital into financial capital.

Coaching can go beyond tactics to become a strategic intervention for creating a leadership brand. Systemic Coaching™ is a powerful intervention in which teams of coaches use the *delivery process* of coaching to amplify behavior change in the content of what is learned, often organizational values that drive productive leadership behavior. This drives performance, engagement and affiliation through the entire climate of an organization. This creates a leadership brand. Recognized as a powerful intervention for transforming individual competence, skill and capacity, coaching has more muscle to add to the equation. Consider coaching as strategic, large scale organizational change initiative where instead of focusing on the competencies of the leader, it focuses on the competencies of the organization. Instead of building one leader at a time, many leaders are coached to embody the brand. It is the process of coaching that accelerates change: the content is driven by organizational outcomes.

Coaches are trained in the *process* of coaching; content varies. As organizations are looking consistently build competence in their talent pool, strategic application of coaching can build leadership brand. Consider teams of coaches, *highly trained and disciplined in facilitating a strategic and coordinated effort aligned to leadership groups will have more impact than disparate, individual coaches working alone.* Collective coaching of this sort allows leaders to walk the talk, evidence a unique brand, contribute to Employer of Choice and promote behavioral values that drive business results. Having experienced the process of coaching, they are better equipped to develop others in a learning environment that drives engagement and affiliation--- an ultimately, revenues and profits. In his article “Leadership that Gets Results,” Dan Goleman cites the Coaching Style of Leadership, which builds a culture of learning and engagement, as one of the most positive influences on organizational culture.

Systemic Leadership Coaching™ catalyzes organizational outcomes. We’ve been conditioned to analyze, dissect and promote reductionist thinking and now, we need to consider how all things are linked and networked in connectivity. Leaders hold the power of leverage in the organization. As in any network, organizations are linked in relationship. Colloquially known as nodes and hubs and links, leadership can be systemically delivered through the organization. Commenting on the Systemic Leadership Coaching Model, John Thomas, Vice President of Booz Allen Hamilton, indicates we witness the power of leverage in developing leaders who drive value. In a typical organization, each leader touches an average of 12 people in his or her vertical network. The exponential effect of 12 touching 12 touching 12 down the organization gives us a vertical impact of a leader’s behavior of 12^N . At the same time, leaders can have a huge impact on their lateral social network, influencing as many as 20 or more people on average who influence 20 others who influence 20 more, or 20^N . Adding the variable that 70% of learning is derived from what leaders do, our formula for understanding the impact one leader can have looks something like this:

$$\begin{aligned}
 &12^N \text{ (N = \# of people in vertical organizational levels)} \\
 &\quad \times 20^L \text{ (N = \# of people in lateral social networks)} \\
 &\quad \quad \times 70\% \text{ (learning influenced by leadership)} \\
 &= \text{Impact of One Leader}
 \end{aligned}$$

Leaders essentially become part of training delivery – albeit tacitly. Jeff Akin, Principal of the Strategic Human Capital Practice at Booz Allen Hamilton qualifies this, indicating it must be “those behaviors demonstrated by leadership (many of which, were formed in an older, different paradigm than that which will be required consistently going forward). The hard work that brings the new culture to life begins with the development of behavioral competency models with progressive degrees of proficiency – when those are tied to the global performance evaluation and career progression models, learning and actions become more consistent across the organization and the company itself becomes a more efficient talent market as

the way work gets done becomes a common language. As such, leverage is introduced into the fabric of the company and the overall talent equation is shifted from a centralized model at the top to one of widespread, mutual accountability.

EMOTIONAL INTELLIGENCE (EQ): HOW TO MANAGE AN ASSET THAT EMOTES

Would a leader put ‘empathy’ on their resume? The old, Working Strategy focused on manipulating the environment or altering resources. To energize and service an asset that is characterized by emotions, memories and its own volition, leaders must first master their own human and social capital to from which to build an authentic foundation of trust, respect and inspiration that engages others. John Kotter, Ph.D, of Harvard, and author of the book Leading Change, recently released its sequel, The Heart of Change. In it, he invokes the same eight-step change theory with one important message: emotion. He speaks to the need to invoke an emotional response in people to inspire change. Emotional intelligence is a core leadership competence and integral to the Winning Strategy. Antonio Damasio, Department Head of Neurology at Iowa Medical Center, in his book Descartes’ Error, tells us that emotions are seated in the brain and inform our intellectual processes. Through studies of the brain he proves that factual data and intellectual knowing are not enough because we need emotions to create context, discern, process and make qualitative decisions with objective criteria. If leaders are to inform an individual’s subjective decision to stay with an organization, leaders must be able to tap their emotional decisions as well as those that are rational (D’amasio, A.,1994). Empathy is a core competence of EQ that creates a bond of affiliation.

Emotion comes from the French *emouvoir*, meaning *the energy of motion*. As the definition explains, it is a physical moving, stirring up and agitation extended to any action. Leaders who demonstrate empathy are more often promoted from within to top positions in their organizations. And professional service firm partners who have mastered themselves through self-assessment, another core EQ competence for leaders, generate more profit for their companies (Buckingham, M. & Coffman, C., 1999). Emotional intelligence (EQ) doesn’t come from sixteen years or more of formal linear education. It’s a wisdom that is gained over time. Emotional Intelligence is defined as *perceiving, using, managing and understanding one’s own and others’ emotions*. At its’ foundation is self-awareness which research has shown is the variable that drives 87% of all successful change. In the model below, we show how every successive competency is built upon this foundation.

DIAGRAM IV

Mastery of the self and the ability to modulate the stress response, and one’s own behavior is predicated on successfully navigating level one—being aware. Each level has its’ own unique set of competencies and skill. For example, on “Level 1,” we’d find competencies for self-awareness that might include

assertiveness, self-motivation, innovation and self-regard; and for Self-Mastery, Level 2, leaders evolve to **self-mastery, resiliency initiative, intuition, personal power and perseverance**. Effectiveness in the third, interpersonal level, where the engagement and affiliation skills such as communication, conflict resolution, relationships and high performance teams reside, depend on the leader having mastered the two levels below. The ultimate goal is authentic leadership, where the leaders behavior is aligned with organizational goals and is demonstrated consistently with others. Arriving at the pinnacle of authentic leadership requires traversing all the other levels and would evidence [insert evidence]. As such, leadership is “won” and this underscores that leaders can be made. Coaching is a real time learning modality that accelerates purposeful learning to achieve business outcomes. As such, it is the link that drives leaders toward the pinnacle of their personal and professional success. Coaching leaders to model the way as leaders do, accelerates learning in a sort of bio-mimicry.

The invisible hand that brings efficiency to markets and unites mutual needs is getting another hand from the coaching profession. We know the dollars we invest in training and development, recruiting and retention; and the returns on these expenses can begin to be understood in the context of the global marketplace. How will the CFO and CEO begin to quantify Engagement of Human Capital? For starters, it will be seen in the reduction of expenses resulting from turnover and the increased use of emotional intelligence assessments during the hiring process. However, we should expect to learn that the connection between Engagement and Achievement is strong and make way for measurement of affiliation and emotional connection as a precursor to engagement. It’s early days, and we don’t have enough objective data to tell our story—yet. In the future, we may be able to calculate the investment we make in people and determine their true value in both the *human* sense and the *capital* result.

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