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PRACTICAL EMOTIONAL INTELLIGENCE†

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There is a great quote by Marcel Proust *The real voyage of discovery consists not in seeking new landscapes but in having new eyes.* It sums up perfectly my own journey to Emotional Intelligence enlightenment.

The story begins in 1972 when I was halfway through completing an MBA course at the London Business School. Charles Handy was my tutor. This was before Charles had written his first book and had established himself as a leading British management guru. Nevertheless, Charles was already a quirky character and well-known even then for his lateral thinking.

I had just been offered a position with McKinseys in New York. When I told Charles about the offer (certainly the dream job of every MBA student at that time) he advised me to reject it! Instead he suggested I start my post MBA career as a salesperson!

* * While Warrane College accepts responsibility for producing these papers, the opinions expressed in these papers are those of the authors. Enquiries should be directed to the Master, Warrane College, UNSW, PO Box 123, Kensington, NSW 1465, Australia, or online info@warrane.unsw.edu.au All papers are available at: www.warrane.unsw.edu.au under Publications.

† An after dinner address delivered at Warrane College on 7 March 2012. A podcast of the talk is available at www.warrane.unsw.edu.au under 'Publications'.

His reasoning was as follows:

1. Success in business occurs in the one-on-one meetings. That is when you close the deal, get the financing, hire someone, fire someone.
2. MBAs teach you about analysis and decision making, but not how to deal with people one-on-one.
3. The best way learn how to deal with people one-on-one is to become a salesperson.
4. If you do not become good at dealing with people, you do not eat so the incentive to learn is compelling.

The move to Australia

By 1973, England was suffering economically. In the beginning of 1972, the miners struck for nine weeks and in the summer, there was a national dock strike. In particular, I remember a debate at the London Business School on whether the LBS should support the miners. The vote in favour of the miners was 98-2. I should add that I was one of the two dissenting votes. At the time the English miner was working seams by hand that were less than 30cm thick. Australian coal miners were operating drag chutes that could fill a truck in about five minutes. I seem to remember that an Australian coal miner was 100 times more productive than a UK coal miner was and the subsidy to keep the UK miner in his job was something like four to five times his average wage. Yet here at the newly built temple of capitalism in the UK the vote was 98-2. I gave up. If you had said to me then in 1973 that England 30 years later would be the enterprise engine of Europe I would have said that was impossible. Anyway, the two of us who voted against the miners both decided to emigrate to Australia and I was one of the last of the ten pound Poms. International Computers Limited had offered me a job in Sydney and used the scheme to fly me to Australia in October 1973 about two weeks before the official opening of the Sydney Opera House.

The moment of epiphany

I maneuvered my way into a job as a trainee salesperson. During an in-house training program Kevin Chandler of Chandler & Macleod introduced me to the Humm-Wadsworth personality model. (Kevin is the son of one of the two founders and is a qualified industrial psychologist.) It is fair to say that the workshop was a moment of epiphany. Until then I had believed that deep down all of us were the same. After the training course I realised how different we all are, particularly in how we react emotionally. Subsequently I used the Humm model very successfully in selling and management. In my first year on quota I took the only account off IBM for ICE in the world that year (the Electricity Commission of NSW.) In the last 18 months of a four stint as the General Manager of TNT's Payroll Management Systems Division, the team who had all been thoroughly inculcated in the Humm were involved in 15 major tenders. On a market share basis, we should have won 1 or 2 but in reality we won all 15! Much of that success I would put down to the Humm.

In 1981, I switched careers and became a merchant banker with Bankers Trust Australia. I started the Retail Funds Management division and launched the BT Cash Management and Split Trusts. I also raised the initial \$10 million for BT Innovation Limited, which was one of the first seven venture capital funds licensed by the Australian Government in 1984. I then became a venture capitalist and to raise my profile began writing articles and giving seminars. This activity resulted in Allen & Unwin asking me to write a book on Venture Capital. The book *Enterprise and Venture Capital* was first published in 1989 and now is its fifth edition. It has sold some 15,000 copies and is regarded as the handbook of the industry. It is a text for a number of Australian and Chinese university courses on entrepreneurship.

I will never forget the first interview which is a terrific example of practical emotional intelligence in action. In the late 1980s Edna Carew was the leading financial author in Australia and in the Allen & Unwin stable. She was asked to write a book on venture capital by the publisher, John Ironmonger. She declined but suggested to John that he consider using me. I had written several VC articles for JASSA, which was the quarterly journal of the Securities Institute of Australia and Edna was the editor.

The statistics are publishing are simple, only 1% of the manuscripts received by a publisher are published, and of those published around 1% go and make money. Investing valuable resources in an unknown author is very risky for a publisher. Hence John rang me and suggested that we meet in a very contemporary and modern Italian restaurant in North Sydney. Within 60 seconds of meeting John I knew I had a problem. John was dressed in a very expensive linen shirt, and was wearing an even more expensive Italian leather jacket which looked like it was Armani. He spoke very softly, avoided eye-contact and did not use his or my first name when we shook hands. John had a high Artist component and I know that of all the seven components, the Artist is the one that gives me the most problems. Artists and I suffer from severe personality dissonance. Now I know that Artists beat to a different drum and like people who are individualistic. I was desperately trying to think of how I could distinguish myself from the other 500 or so prospective authors who had gone before me and sat at this table.

Suddenly the opportunity came. John passed me the wine list and said what would I like to drink. I studied the wine list for several minutes, pulled out my wallet and said the following.

“John most the wines on the list are really mediocre. However there is one red that is drinkable. Unfortunately it costs \$300. I tell you what, you pay for the meal and I will put the wine on my American Express card.”

I then took my American Express Card from my wallet and put it on the table and waited expectantly.

After several minutes silence, (I had been taught well – there is a time to be quiet and this was it) John said:

“Are you sure this is the only wine you can drink?”

“No question.”

Again there was a period of silence for several minutes as we looked at each other. Finally John spoke: *“Put your card away. The publisher always buys the first lunch.”*

At that moment I knew the book was going to be published. John was not going to go back to the office, present an expense claim for \$500 and tell his peers that he

was not going to recommend publishing the book. Subsequently John told me that he dined out of the story for years. When the book was finally published, I repaid John the favour and took him out to an equally expensive lunch.

Following the success of the venture capital book, Allen & Unwin asked me if I had a second book inside me. I replied that I had a draft of a book on selling that I written in the late 1970s which I had tentatively titled *Psycho-Selling*. Allen & Unwin rejected the proposal on the basis "Books on selling don't sell".

Jill Hickson to the rescue

I then decided that I would try a different approach and in 1991 cold-called Jill Hickson, who at that time was probably Australia's leading literary agent. Again the first interview was critical. I thought Jill would be an Artist like John Ironmonger. However I decided I would wear my best blue pin-stripe suit and look like a very successful investment banker, again distinguishing me from the normal author.

My intuition was completely wrong. She was not an Artist, but a grade A Hustler. She started immediately name dropping during the interview and oozed charm. Of course I said to myself she is a middleman between publishers and authors, and had married one the greatest Hustlers to walk this earth, Neville Wran. This girl must have on the highest level of H in Sydney. I was very lucky, Hustlers divide the world in to winners and losers and wearing my best suit was a very fortunate move. We then had a great time both of us name dropping who we knew. She was telling the truth, I was bending it like crazy. However a key rule of EQ is that we like those who like ourselves, Jill saw in me a kindred soul and took a liking to me.

She read the book and came back with the following comments. *"The book needs a lot of work. We have to change the title. On the other hand, the chapter on the Hustler is probably the only thing I have ever read that gets inside the head of my husband, Neville Wran (Her husband was the Premier of New South Wales). I could not stop laughing about how on the mark it was. No reporter has ever come close. We are going to publish this book."*

Thus *Empathy Selling* was born. Jill convinced Lothian to publish the first edition in 1991 and subsequently Kogan Page (1992) in the UK and McGraw Hill (1995) in Australia brought out subsequent editions. The then Publishing Director of Kogan Page said *Empathy Selling was the most innovative book on selling he had read in ten years.*

In the early 1990s I was, as we say in the venture capital industry, between funds working as an entrepreneur. For example I was chairman of Neverfail SpringWater and Scitec Communciation Systems. After the publication of *Empathy Selling* I approached Chandler & Macleod with a proposal to set up a joint venture that would create and market training courses using the Humm technology. We agreed on terms and I worked full time on the JV. We developed three training courses on selling, managing and negotiating and I became fully immersed in the Humm technology. We signed up a number of distributors both in Australia and in the UK to market the programs and I ran a number of programs myself both for distributors and for conference organisations such as IIR and Euromoney.

1995 A key year

Emotional Intelligence by Daniel Goldman was first published in 1995. The book, which promoted the concept that emotional intelligence (EQ) was more important than natural intelligence (IQ) in determining success in life, sold 5 million copies in the first five years of publication. Goldman popularly defined EQ using the marshmallow experiment. In the 1960s a group of four-year olds were tested by being given a marshmallow and promised another, if they could wait 10 minutes before eating the first one. Some children could wait and others could not. The experimenters then followed the progress of each child into adulthood, and demonstrated that those with the ability to wait were more successful in life than those who could not. Delayed gratification is a key part of emotional intelligence.

Unfortunately, while Goldman was correct in his premise about the importance of EQ, he was unable to describe a theory of core emotions. His book defined what EQ is and why it is important but failed to describe a way of how you could improve your EQ. The reason is that Goldman did not have a theory of core emotions like the

Humm. Goldman says he believed there are core emotions but admitted in the book that he did not know of an appropriate model.

When I read *Emotional Intelligence* for the first time in 1996 I realised that I had the answer to Goldman's conundrum. I was familiar with the Humm-Wadsworth, which is a scientific model of people's underlying emotions. At that moment, I promised myself that I would write a book for managers that would lift their level of emotional intelligence.

However also in 1995 I was approached by St. George Bank. They said they wanted to start a venture capital fund, had read my book and wanted me to management. As a start they would make a \$20 million cornerstone investment. So I had to make a choice, did I write the follow-up to *Emotional Intelligence* or take the \$20 million? I am frail; I took the money.

Thus Nanyang Ventures was born. Venture capital, if you can raise the funds, is generally more lucrative than being an author (unless you are Dan Brown or J.K. Rowling). Over the next five years Nanyang raised a total of \$140 million. *Enterprise & Venture Capital* has been a terrific investment. It has earned me \$25,000 in royalties and \$250,000 in speaking and consultancy fees. Moreover the book was a key reason St. George Bank decided to invest \$20 million in a venture capital fund. In time we raised an additional \$120 million earning in total \$28 million in management fees. And now I am an adjunct lecturer at UTS for the MBA program running the venture capital finance elective.

In late 2006 I decided it was time to retire from venture capital. I was 62 and venture capital investors require that you are able to commit for 10 years to a fund. I was suffering from 'deal fatigue' having looked at some 5,000 business plans since 1984.

The birth of *The Humm Handbook: Lifting Your Level of Emotional Intelligence*

In late 2006, my elder daughter Louisa was head hunted to run a team of 30 people at Perpetual before she was 30. She asked me a good question, "*What management books should she read?*" After some thought, I realised that there was no practical handbook written to help new managers develop their people skills and

remembering my promise to myself in 1995, I decided it was time to devote my efforts to *The Humm Handbook*.

Thus *The Humm Handbook: Lifting Your Level of Emotional Intelligence* was born and published in 2007 by Wilkinson Publishing.

The Humm Handbook is 192 pages long and is divided into three parts.

1. Part I, The Seven Components, describes the Humm technology.
2. Part II, The Emotionally Intelligent Manager, works through each four stages of emotional intelligence: self-awareness, self-management, social awareness, and social skills using the Humm technology. The reader then learns how the Humm technology can help you as a manager succeed in a number of areas such as team building, management styles, and leadership.
3. Part III, The Art of Decision Making, comprises the five case studies: *Antigone*, *Julius Caesar*, *Hamlet*, *King Lear* and *Death of a Salesman*. After a plot summary, the main characters in the play are analysed using the Humm technology. Did they succeed or fail and if so, how and why? Then the book looks at the key decisions made in each play and what it reveals about the emotional drivers of the various characters. Finally, each case study concludes by drawing some business lessons from the characters and the play. The basis for this section was an MBA elective organised by Charles Handy at the London Business School where he used the theatre to illuminate key management concepts. Other than learning about the Humm it was easily the best course I have ever done.