

IQ+EQ+SQ-EGO = a Formula for Success



BY DAVID CONNELL FCA FCPA

What is this gibberish? Well believe it or not this is a remarkable formula for success—for at least one man any way. His name is Ricardo Semler and his book “The Seven-Day Weekend” really challenged my thinking. Some time ago, I read his first book, a best seller called “Maverick” and that title really does explain this fellow. He is a maverick to our traditional business management thinking but his success is quite remarkable and cannot be ignored. Consistent average annual growth of around 35% and revenue approaching \$US1 billion are very strong testimony to his achievement yet he can still talk about enjoying a “Seven-day Week”. He works only when he wants to..

I personally found his thinking somewhat confronting (but then I come from a background that includes 25 years with Price Waterhouse and Coopers & Lybrand and second-tier firms—I needed confronting).

Ricardo says, “For decades, IQ has created an artificial (and loaded) baseline for intelligence and capability. More recently, evaluating EQ, or the emotional content of intelligence, has become popular. Now SQ, or spiritual quotient, has been added to the equation. I mix the three together, and then subtract ego (I know I’d be in trouble with psychologists because ego includes most of the above, but I need a bit of poetic license for this home-grown theory)”.

An article in Time magazine titled ‘Why won’t they grow up?’ – looks at the generation X’s or as Time now refers to them: “The Twixters” (as in ‘betwixt and between’).

Whatever your views there can be no doubt that business has changed dramatically and our profession is just beginning to realise that there is a major change in society affecting the way we employ and retain key staff.

Some time ago, I received a call from a rather distressed managing partner of a firm (around \$4 mill) who inquired, “What’s going on?”. He had received five resignations from relatively senior staff. As an outside observer I would say that this practice has about the best culture of any firm I have seen and this partner has a very real concern for his people. The common thread in these resignations was that all of these staff expressed very strong gratitude for the care and support shown to them but after five years (or so) they felt it was time to change and move on—no complaints about the firm.

I fear that this is now becoming the norm.

Ricardo Semler says it’s not the money. Today’s “twixter” wants “to make the life trip worthwhile, to feel alive with purpose”. They want answers to the question, ‘Why are we here?’ Most practitioners I know experience real difficulty with this. They have always wanted the same but would say in the real world there are no easy solutions or quick fixes. Real money comes from real work and at the end of the day all costs of production have to be passed on to a very unaccepting group of clients (herein lies another strong argument for switching our emphasis in timesheets to value pricing).

Some time ago I attended a seminar in Adelaide where similar concerns were raised. There were many questions along the lines of how do we secure and retain good people—the rules have changed. I suspect that looking for growth just for the sake of being bigger is no longer a strategy. The overriding strategy from here on will focus on staff and it will no longer be possible to simply be reactionary to problems as they arise. A very clear, focussed strategy with set action plans will be vital.

I would summarise Ricardo Semler’s book as being about giving up control and letting the followers lead. At the very least involve them a great deal more in the business management and decisions. “IQ+EQ+SQ-EGO. That formula says the right decision arises from an intelligent thesis, checked by a

substantial emotional quotient, tempered by a spiritual quotient that humbles and reminds the players that they're fallible, all of which is discounted by EGO striving to remain in control."

There is a quote by Benjamin Zander, conductor of the Boston Philharmonic Orchestra, who sees himself more as a coach than a maestro: "One way that I know if I am performing well is to look into my musicians' eyes. The eyes never lie. If the eyes are shining, then I know my leadership is working. Human beings in the presence of possibility react physically as well as emotionally. If the eyes aren't shining, I ask myself, 'What am I doing that's keeping my musician's eyes from shining?'".

I have a view that all too often in the accounting profession individuals with no enthusiasm for the job are pushed into team leadership positions—with deplorable results. They do not lead well because they are reluctant to do the job. Either they do not see it is sufficiently important or they would rather be doing something else.

No one would argue that practitioners have very high IQs and most would rather be doing the technical stuff—dealing directly with clients. By and large practice leadership is not seen as an important role. In one firm I have dealt with in an election for a managing partner, six partners very quickly nominated the newest most junior partner for the role because they didn't have time or simply didn't want the role.

It is not uncommon for me to receive calls from 'managing partners' along the lines of "David I'm the Managing Partner of xyz Associates but the truth is I'm not managing anything because I don't have the time and we have some real problems here—can you help?"

There is now a growing trend for firms to appoint a 'Practice Manager' or 'Business Manager' and these firms will testify to often quite astonishing results. These managers are pioneers in our profession and deserve strong recognition and authority for their work.

If you wish to recruit and retain good people in the decade ahead you really don't have too many choices—you will have to develop a strategy of 'Employer of First Choice' merely to survive. Media reports of high vacancies in accountancy firms provide just a taste of what lies ahead.

This is only one part of an overall strategic plan—does your firm have a written plan?

If not, ANZAN Professionals specialises in strategic planning for Accounting practices. Contact ANZAN Professionals today on 03 9916 6300.

References:

Semler, Ricardo (1994) *The Seven-Day Weekend*
Semler, Ricardo (2003) *Maverick*