

The Emotional System: Barometer of Your Company's Success

The hidden reason for problems and conflicts in startups

There is an underlying pattern that determines whether an organization is successful, or whether it struggles. Many business owners feel they need to work harder if they want to solve problems in their company. Unless business owners address these underlying reasons for business problems, they continue to dictate their daily life.

Avoiding Stress and Frustration

As investors, business executives and leadership advisors we see many companies struggle with persistent problems in one area or another. Some find it hard to raise capital or to attract new customers; others grapple with internal team conflicts. Many business owners ask the same question: "How can I grow my business without facing so many obstacles?" We can find an underlying dynamic that determines whether an organization will be successful, or whether it will struggle with its growth. Investors must be aware of this dynamic, if they want to evaluate the abilities of a management team or the future of an organization, effectively. Entrepreneurs and executives must address problems in their organization at this underlying dynamic, if they want to avoid stress and frustration.

Strategy and effective processes are often the focus areas for developing a business. There's no doubt that both are essential for a company to thrive. However, business strategy and processes are built on quick sand, if the team is not able to effectively execute the strat-



egy. The foundation for a successful business lies in the quality of the team. In contrast to what is commonly perceived, though, the quality of a team is not determined by its capabilities and experiences, because capable and experience managers would deliver financial success to investors in every position they take – and that is clearly not the case. Whether a management team will be successful is determined on a deeper, personal level: The Emotional System of the team.

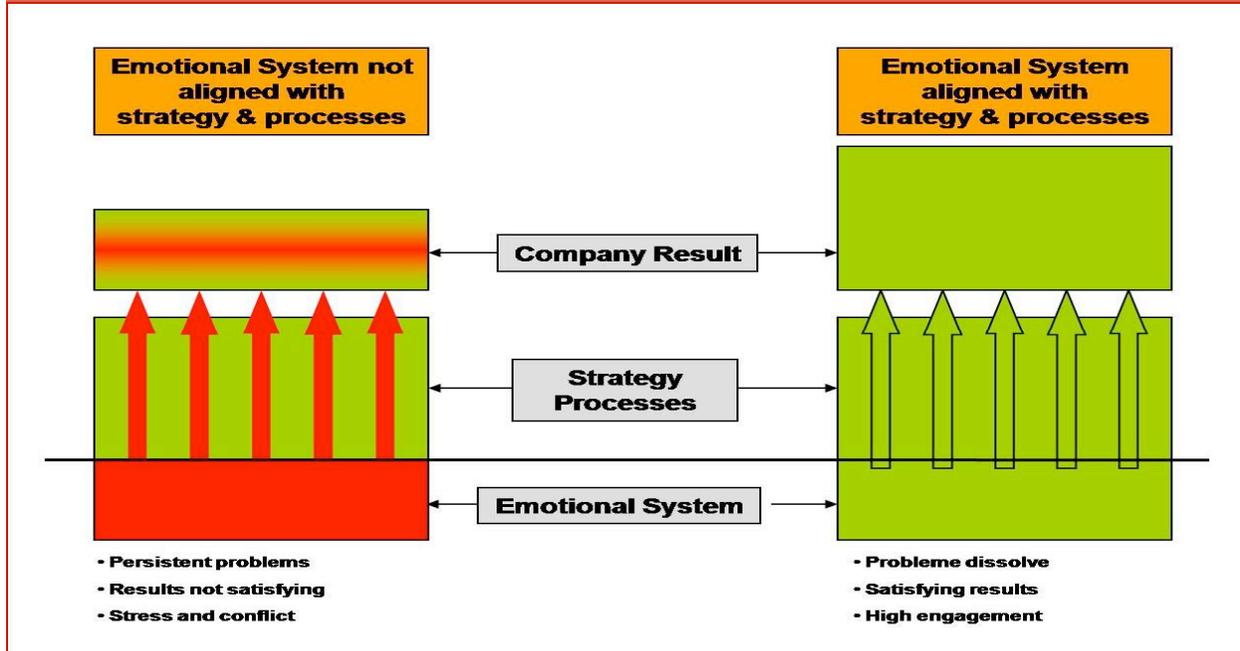
Deciding for Success: The Emotional System

According to a study published in New Scientist, more than 80% of our decisions are based on emotions and instincts, and less than 20% are made on a rational level. As long as we attempt to evaluate and steer businesses and management teams on a purely rational level, the majority of our possibilities and abilities remain dormant. The Emotional System of an organization is the inner fabric and emotional constitution of a team. It decides whether strategy and processes in a company can be executed effectively, or whether a team continuously struggles with problems. The Emotional System is a filter made up from the emotional reactions, the thoughts, the issues and the in- and out-of power behaviors of your team members. As illustrated in the diagram, the Emotional System works on a deeper energetic level, and unless it is aligned with the strategy and the day-to-day operation of the business, problems and conflicts will remain on the agenda of the

WHAT IS THE EMOTIONAL SYSTEM?

The Emotional System of an organization is made up of the emotional reactions, the in- and out of power behaviors, and the limiting thought patterns of a team. The Emotional System mostly operates on a subconscious level and acts like a blueprint that determines the result people and businesses experience during their life-cycle. As long as persistent problems are not addressed on the level of the Emotional System, they cannot be resolved sustainably.

THE EMOTIONAL SYSTEM OF AN ORGANIZATION OPERATES BELOW THE SURFACE



organization. The Emotional System of a business is at the root of *every* persistent problem a company encounters. No matter whether your business has difficulties with finances, with internal team issues or stagnating sales; any of these problems translate directly to a dysfunction in the company's Emotional System. In short: In the areas where the Emotional System is functional, a business experiences a flow of energy and resources; in the areas where the Emotional System is dysfunctional, a business experiences problems and resistance.

Since most of the Emotional System's impacts on a business are hard to detect, managers don't pay much attention to it. However, this is like driving a car with a flat tire: it's just a question of time when problems arise, and until then it requires applying a constant force to keep it going straight. If we do not pay attention to the Emotional System of our company, the ability of the team to execute on the business strategy is strongly impacted. The probability that the business will face challenging problems is high. Furthermore, the problems companies encounter are in the blind-spot of the company's leaders and therefore resist resolution. For example, if a company is repeatedly challenged with closing customer contracts, business leaders are often searching for solutions in the wrong places. They might waste valuable time and money on perfecting the product, while the source of the problem may be a personal credibility or value issue of the leader. The fact that persistent problems are in the blind-spot of leaders makes it hard for traditional consulting approaches to

provide sustainable solutions to business problems. Equally questionable is the alternative to replace CEOs with the hope that the new leader will solve the sticky issues in a business. While a new CEO can substantially shift the Emotional System of the organization, it is still a trial-and-error approach akin to using a treatment methodology for a patient without diagnosing the origin of the sickness.

From Failure to Success

If we want to build organizations that do not face persistent problems, leaders and employees must become conscious *and* accountable for their contribution to the Emotional System of their business. It is vital that every team member, but most of all the leadership of a company, becomes familiar with their personal habits, in- and out-of-power behaviors and limiting perceptions. Many business people do not consider spending time on these personal matters a good investment. Point taken: this approach is not a quick-fix, and does not help reach an immediate goal. When working with business leaders, though, we see that their Emotional System determines the outcome of every aspect in their lives – their careers, their personal relationships, and their sense of well-being. As leaders allocate time to strengthen the Emotional System problems in their organization and their private lives dissolve, allowing their business to grow with more ease and flow. ■

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