

Practical Intelligence

Develop "business sense" and achieve your goals

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By Claus Møller

Executive Summary

The School system still focuses on "cognitive intelligence" and aims at developing abilities and skills measured by IQ (intelligence quotient). IQ has little to do with how successful we are in life.

*What really matters in life is **Successful Intelligence**: "What it takes to live a successful life". It is the kind of intelligence that matters to everyone in reaching important life goals. To be successfully intelligent is to think well in three different ways: analytically, creatively and practically. Of these three kinds of intelligence, typically only analytical intelligence (together with linguistic intelligence) is valued in school. However, in life after school creative and practical intelligence may be more useful.*

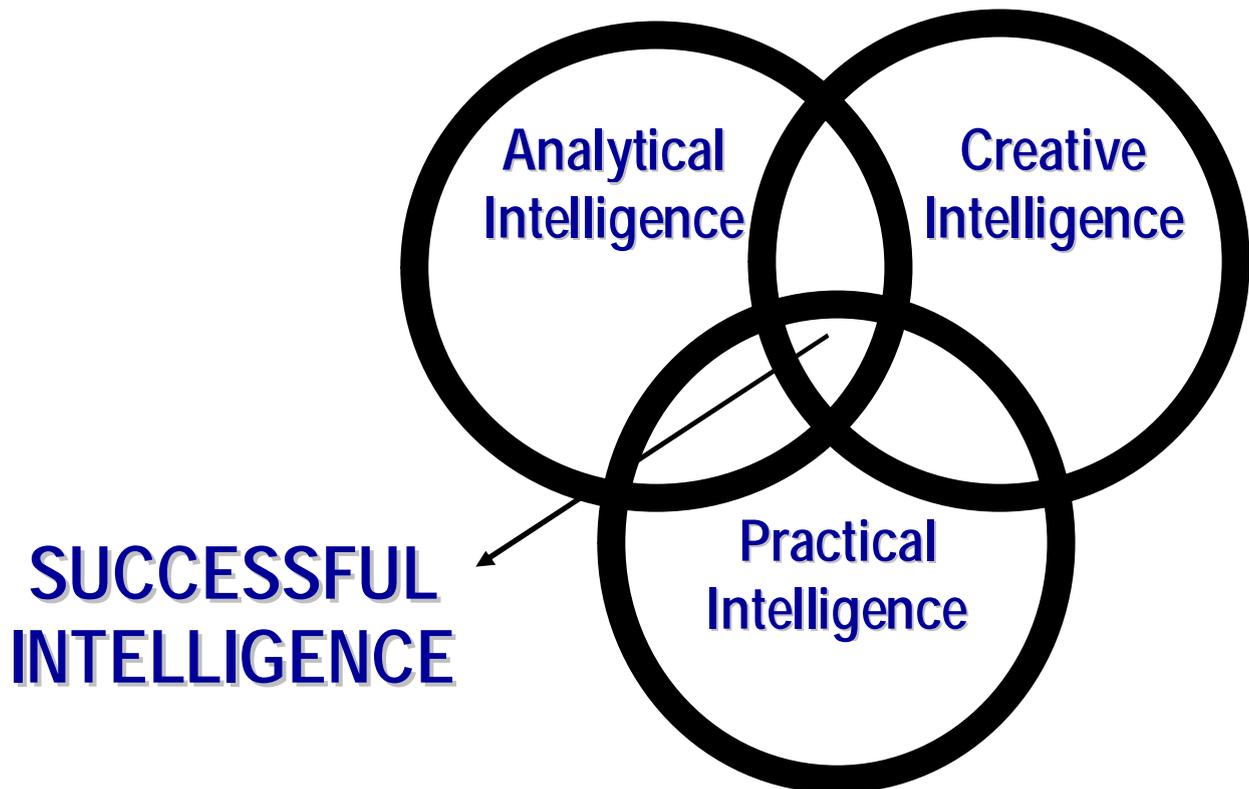
*This article focuses on one of the three aspects of successful intelligence: **Practical intelligence**. Practical intelligence is, in part, what is sometimes called "business sense". It refers to knowing your stakeholders – the ones who can make you or break you. People high in practical intelligence recognise that to achieve their goals, they have to tailor their presentations to their different stakeholders. Practically intelligent people are flexible in adapting to the roles they need to fulfil. They recognise when they will have to change the way they work to fit the task and situation at hand. Practical intelligence is the ability to make solutions work in the real world. It is instrumental to attaining goals. Practical intelligence enables individuals to come up with strategies for solving real life problems like: You were passed over for a promotion or you don't get along well with your boss or your luggage did not arrive with you. People with practical intelligence realise that there may be a big difference between what gets you a promotion according to the rule-book and what gets you a promotion in reality.*

IQ and "Successful intelligence"

At school we learn the skills required in the "world of facts". We do not learn how to meet the challenges in the world of emotions or how we become more creative, how we solve problems or how we make better decisions. The School system still focuses on "cognitive intelligence" and aims at developing abilities and skills measured by IQ (intelligence quotient). IQ has little to do with how successful we are in life. IQ is a measurement of "inert intelligence". Inert means "unable to move or act.... not readily reactive with other elements". Inert intelligence is what you show when you take an IQ test or a similar test used for university or graduate-school admissions. What counts in real life is applied intelligence that leads to goal-directed movement or action. High scores on tests

of inert intelligence don't guarantee success. People who can recall facts and even reason with them don't necessarily know how to use them to make a difference.

What really matters in life in accordance with Robert Sternberg is *Successful Intelligence*: "What it takes to live a successful life". It is the kind of intelligence that matters to everyone in reaching important life goals. To be successfully intelligent is to think well in three different ways: analytically, creatively and practically.



Of these three kinds of intelligence, typically only analytical intelligence (together with linguistic intelligence) is valued in school. However, in life after school creative and practical intelligence may be more useful. The three aspects are related. Analytical intelligence is required to solve problems and to judge the quality of ideas. Creative intelligence is required to formulate good problems and generate ideas in the first place. Practical intelligence is needed to use the ideas and their analysis in an effective way in one's everyday life. Successful intelligence is most effective when it balances the three aspects. It is more important to know **when** and **how** to use the analytical, creative and practical aspects of successful intelligence than just to have them. Successfully intelligent people do not only have abilities – they reflect on when and how to use them.

Practical intelligence and business sense

This article will focus on one of the three aspects of successful intelligence: *Practical intelligence*.

Practical intelligence is, in part, what is sometimes called “business sense”. It refers to knowing your *stakeholders* – the ones who can make you or break you. IQ doesn’t measure business sense at all. Many people with high IQ seem not to be aware that they have stakeholders or that these are important to their success. People high in practical intelligence recognise that to achieve their goals, they have to tailor their presentations to their different stakeholders.

“Domains” and “fields” of expertise

Practical intelligence requires one to distinguish between “domain of expertise” and “field of expertise”. The *domain* of expertise refers to the work itself. The *field* of expertise refers to the people who do the work. To do outstanding work in a domain is one thing. To be outstanding in the field is another thing. To gain recognition in a domain often requires some balance of analytic, creative and practical abilities. Recognition in a field for outstanding work almost always requires a substantial measure of practical intelligence. Good work is not always enough to be successful. Artists need to get their work displayed in galleries and authors need to get their work published. And this takes practical intelligence or business sense. Recognition can also come to those with far less talent in many areas, because they have business sense. They know how to capitalise on what talents they may have to receive recognition. That too is practical intelligence.

Not only does what is required for success differ in different domains and fields. It also differs over the course of one’s career. People with practical intelligence are aware of that. They know that the characteristics that lead to success in entry-level management jobs, are quite different from those that lead to success at the higher levels of management. At the lower levels, one largely follows. At the higher levels, one largely leads. At the lower levels, one may have little work to delegate. At the upper levels, one may have to delegate almost everything.

Practically intelligent people are flexible in adapting to the roles they need to fulfil. They recognise when they will have to change the way they work to fit the task and situation at hand, and then they analyse what these changes will have to be and make them.

Developing Practical Intelligence

Practical intelligence is one of the three key elements of successful intelligence. It is the ability to make solutions work in the real world. Practical intelligence enables individuals to come up with strategies for solving real life problems. There is evidence that people’s ability to solve everyday problems increase with age.

Academic and real life problems

There are big differences between *academic problems* and *real life problems*.

In the academic world problems are served to you cut and ready. You are given a concrete problem to solve. In real life it is often not clear what the question or problem is. You have to figure out both what the problem really is and how to fix it.

In the academic world problems are often of little or no real value. In real life questions and answers often matter in major ways.

Academic problems are disconnected from people's ordinary experience. Real life problems are the ones that people experience and have to deal with in their daily life.

Academic problems often have only one correct answer and you are judged by coming up with this correct answer. In real life there is usually no clearly right or wrong answers. The quality of the answers depends among other things on the values prevailing in the situation.

“Fluid” and “crystallised intelligence”

Sternberg suggests that in order to develop practical intelligence it makes sense to look into what he calls *fluid* and *crystallised intelligence*.

Fluid intelligence is required to deal with the novelty in the immediate testing situation. It is what you use when you try to figure out the next number in this number series problem: 3, 7, 16, 35, 74....?

Crystallised intelligence reflects acculturated knowledge, e.g. knowing the meaning of a low-frequency word. Fluid intelligence is more relevant to the solution of academic problems and IQ-like tests. Fluid abilities are vulnerable to age-related declines but crystallised abilities are maintained and generally increased throughout the life span. Practical problems are characterised by an absence of exact information necessary for solution and also by their relevance to everyday experience. Crystallised intelligence in the form of acculturated knowledge is particularly relevant to practical problems.

Without crystallised intelligence you can't solve the problems life throws at you, such as:

- You were passed over for a promotion
- You don't get along well with your boss
- Your luggage did not arrive with you
- Drop-in visitors distract you in your work
- A customer is dissatisfied with your service
- Your connecting flight was cancelled
- Your landlord won't make repairs

Tacit Knowledge

The distinction between academic and practical intelligence is paralleled by a similar distinction between two types of knowledge: *Formal academic knowledge* and *tacit knowledge*.

Tacit knowledge is about knowing how – and doing it. It is relevant to attain the goals that people value. It is typically acquired with a little help from others. It is called “tacit” knowledge because it often needs to be inferred from actions or statements.

People with tacit knowledge realise that there may be a big difference between what gets you a promotion according to the rule-book and what gets you a promotion in reality. Tacit knowledge is usually expressed in the form of a number of **if....then** conditionals, which can be rather complex.

If (you need to deliver bad news to your boss) and;

if (it is Monday morning) and;

if (the boss's golf weekend was just ruined by rain) and;
if (the staff seems to be "walking on eggs") -
then (wait until later to deliver the bad news or ask for a salary raise).

Tacit knowledge is practically useful – it is knowledge that is instrumental to attaining goals. Promotion is a particularly good example of the importance of tacit knowledge to practical intelligence. The people who get promoted within an organisation are usually the ones who have figured out how the system they are in really works, regardless of what anyone may say about how it is supposed to work.

Tacit knowledge is what helps people adapt to their environment – learn how the system works and make it work for them. Tacit knowledge is a vital element of practical intelligence – and practical intelligence is the key to success in any field.

People with practical intelligence:

- Actively seek out the tacit knowledge that is implicit and often hidden in an environment
- Realise that tacit knowledge may differ from one environment to another
- Discard tacit knowledge that is no longer useful and embrace what is
- Use tacit knowledge to select, adapt and help them shape environments
- Know their strengths and weaknesses
- Capitalise on their strengths and compensate for their weaknesses
- Realise that no one is good at everything. Einstein wasn't. Da Vinci wasn't. Mozart wasn't
- Have in common that they decide what their field is and then seek to succeed within it
- Realise that there is no single criterion for success, and people who are really gifted are those who can find personal success in a field of their own choosing, or their own making.

As founder of one of the world's leading corporate training and soft consulting companies, Claus Møller has 30 years of experience in improving personal and organisational effectiveness. He has been a pioneer in the area of personal, team and organisational quality and service management. He has developed groundbreaking concepts in business like "Time Manager", "Putting People First", "The Human Side of Quality", "Employeehip" (what it takes to be a good employee), "Teamship" (what it takes to be a good team), and "Organisational Emotional Intelligence (OEI)". He has written more than ten books on these topics, and his ideas have been implemented by numerous well-known organisations around the world. He is one of the most important business gurus of our times. Based on his specific approach to training and consulting, his avid interest in emotional intelligence was natural and inevitable. Claus Møller has explored how best to describe, monitor and apply emotional intelligence and other kinds of intelligence (practical and creative intelligence) to improve effectiveness in the corporate setting and on the individual as well as on the organisational level. Since the late 1970s he has been involved with the development of EI-related training instruments and programmes.