

Transactional Intelligence®

The Hidden Intelligence Behind Every
Agreement, Commitment, and Outcome

Chapter Three

HIGH TQ

Why It Matters More Than Expertise

**By Kirkland Tibbels and John
Patterson**



Influential U

Praise for Transactional Intelligence®

“For decades we have taught leaders to develop their IQ and their EQ. *Transactional Intelligence* (TQ) names a third intelligence — the ability to conduct human exchanges that produce ethical outcomes. Practical, teachable, and long overdue.”

—DR. MARSHALL GOLDSMITH is the Thinkers50 #1 Executive Coach and New York Times bestselling author of *The Earned Life*, *Triggers*, and *What Got You Here Won't Get You There*.

“I’ve spent years watching culture get built or broken one conversation at a time — and knowing something was happening beneath the surface that I couldn’t quite name. TQ gives you that language. Once you can see the structure underneath your exchanges, everything about how you lead changes. This book is the missing piece I didn’t know I was looking for.”

—CHESTER ELTON is the author of *Leading with Gratitude*, and #1 New York Times bestselling author of *The Carrot Principle*

"Navigating high-stakes moments requires more than talent. Something still gets lost in the cycle of exchange. High TQ names that hidden layer between engagement and actualization, giving readers the framework to finally see what's been invisible: the transactional intelligence that determines whether your superpowers actually land. A must read for anyone serious about leading with both authenticity and effect."

— SANYIN SIANG, CEO Advisor, Duke University Professor, and Thinkers50 Honoree (Coaching Hall of Fame and Top Management Thinkers)

"TQ -- based on rich philosophical traditions, rigorous research, and relevant practice – uncovers the hidden layer of human exchange. Mastering the 8 narratives and 13 steps in any transaction cycle will enable anyone to have more meaningful and impactful conversations that lead to relationships. A true contribution to improving the human condition."

— DAVE ULRICH, Rensis Likert Professor Emeritus, University of Michigan, Partner, The RBL Group

"This feels like a genuinely important book because it identifies something most professionals' sense but rarely have language for: the hidden structure beneath human exchange itself. *HIGH TQ* argues that expertise alone is no longer enough—that outcomes are shaped not just by what we know, but by how we navigate the transactions that govern trust, alignment, leadership, partnership, and change. Practical, deeply observed, and unexpectedly humane, it offers a compelling framework for understanding why so many capable people and organizations stall despite talent and effort—and how learning to see the layer beneath the conversation can change what becomes possible."

—PAUL LUSSIER is an Emmy Award-winning producer of innovative television and Founder of the Yale University Communications with Impact Network. He lectures around the world on effective communications, chiefly USA, UK, Brazil, China and the United Nations and The Vatican

"High TQ has given me a framework for understanding the work I've been doing throughout my long career: helping people, especially women, to reach their full potential. It is the missing link in how we understand leadership, success, and power — recognizing how the structure of our exchanges shapes our ability to influence events and create positive outcomes. Once we see that, we can act with precision and power."

—SALLY HELGESEN, author of *How Women Rise* and *Rising Together* · Thinkers50 Hall of Fame

You've Been Working at the Wrong Layer

Have you ever been in a meeting where there are lots of words spoken but seemingly nothing came of it?

— STEVE RUCKMAN, Western Digital

You have just read about Marika in a conference room and Joe and Joni in a kitchen.

What was missing in the room with Marika is the same thing that was making Joe work seventy-hour weeks for thirteen years. It is the same thing that was making Joni sit at the edge of a business that, for years, did not know what to do with her. It is the same thing that was making Marika doubt herself for years despite being one of the most valuable people in her organization.

We have been pointing toward it across two chapters without giving it a name. We are going to give it a name now.

The Layer Underneath

What you have been seeing, in both rooms, is a layer that runs beneath every conversation between human beings.

It isn't a layer that can be simplified or isolated as just the words people use, just the tone of voice, or just the body language. It isn't just the personalities in the room. It isn't meeting management, or best practices, or active listening, or any of the techniques people are taught for handling other

human beings. These are all real. They matter. They are aspects of what is going on. But they sit on top of something larger — *the foundation of human exchange itself, the structure beneath what people say to each other and what comes of it.*

That layer has been operating in your life for as long as you have been having conversations. Longer than that, actually. For as long as you have wanted something from another person. Before you had language. Before you understood what was going on around you. You were transacting.

In fact, you were probably better at it when you were younger. Before you had been taught to concern yourself with the noise that gets in the way of being heard, of making sense, of getting what you most need from the people around you.

The layer has not had a name in business or in management or in most of the spaces where people work and live and try to understand each other. Marika could not see it for years. Joe and Joni could not see it for thirteen. Their inability to see it was not a personal failing. It was the absence of vocabulary for something that has been running through their lives the entire time.

The work of this book is to make that layer visible.

Navigating the Hidden Layer

Transactional Intelligence® (TQ) is a structured methodology for navigating the hidden layer beneath every conversation — the human exchanges that produce every outcome. TQ makes those exchanges visible, so you can navigate them consciously rather than be ruled by forces you cannot see.

Sit with the second sentence for a moment.

Navigate them consciously rather than be ruled by forces you cannot see.
That is the entire promise of this methodology in one line.

Marika, for years, was being ruled by forces she could not see. Joe and Joni, for thirteen years, were being ruled by forces they could not see. The forces were not external. The forces were not malicious. The forces were the structure of every exchange they were participating in, every day, without having a way to notice that exchanges had a structure at all.

Once Marika could see it, she could navigate it. Once Joe and Joni could see it, the marriage and the business they had been grinding themselves down inside began to function differently. Same people. Same skills. Same effort. A different layer.

The intelligence we are pointing at is not in the head. It is in the room. It is what allows two human beings to actually move forward together rather than past each other.

Two terms appear throughout this book, and it helps to have them early. When exchanges run well — when they are visible, deliberate, and advancing toward something real — we call that High TQ. When they run badly — forced, incomplete, or navigated by instinct rather than awareness — we call it Low TQ. The distinction is not a judgment about the people in the exchange. It is a measure of sight. High TQ is the exchange made visible. Low TQ is the exchange running blind.

When People Say “Transactional”

A note about the word *transactional*, because we have to clear something out of the way.

You have heard people say, with a curl of the lip, *that conversation felt transactional*. They mean it felt cold — calculated — as if the other person was running a script. As if the warmth

had been removed and what remained was a kind of cynical exchange, a thing each party was extracting something from. The word in that usage describes the absence of human connection. It describes someone treating other people as instruments. It describes, often, a manipulation.

They are not wrong about what they felt.

What they are wrong about is the conclusion. The cold conversation was not the absence of transacting. It was bad transacting — forced, extractive, and Low TQ. Transacting where one party moved past the others, took what they wanted, and left.

That is still transacting. *It is just transacting done badly.*

Most of what is happening out there in meetings, in conversations, in negotiations, in the small daily exchanges that move human work forward, is bad transacting. That is the diagnosis the book is making. It is also the reason the book exists. The word *transactional* has not been broken by misuse. The reality the word describes has been broken by people who do not know how to do it well.

This matters because we are about to ask you to take the word seriously. To use it precisely. To recognize when you are doing it well, when you are doing it badly, when the people you are exchanging with are doing it well, when they are doing it badly. To stop reaching for *transactional* as a slur and start reaching for it as a description.

There is one more thing to say here, and it is important.

Some of what good transacting requires is not warm. There are moments in any consequential exchange where the work gets cold, hard, even icy — moments where someone has to deliver

a number, hold a line, decline an offer, end an arrangement. High TQ does not avoid those moments. High TQ does not soften them, either. High TQ navigates them deliberately, without breaking the exchange or pretending the moment is something it isn't.

Life is transactional. Sometimes it is hard. Sometimes it is cold. That is not a failure of transacting. That is what transacting actually is when the stakes are real. As Kirkland has argued in his ongoing doctoral research on the philosophical foundations of Transactionalism: *life is not occasionally transactional. It is fundamentally so. Human beings are transactional critters — we have been from before we had language for it.*

High TQ is not the promise of warmth. It is the capacity to make an exchange visible, ethical, and effective — in whatever register the exchange requires. Sometimes that register is warm. Sometimes it is not. The skill is not in the warmth. The skill is in the completeness.

This is the first thing the book asks you to hold. When you have called a conversation *transactional* in the pejorative sense, you have been describing transacting done badly — not the absence of it. The fix is not a different word. The fix is doing it well.

What Expertise Cannot Reach

We are not the first to notice the gap. Dr. Richard Frankenstein has spent decades in medical leadership — a practicing pulmonologist, a hospital chief medical officer, a senior elected officer of the California Medical Association. He put it to us plainly. A decade of training, medical school and residency and fellowship, produces physicians who are among the most rigorously prepared professionals in the world. They are

trained, with supervision, in the clinical encounter — how to handle the difficult conversation, the bad-news disclosure, the patient who arrives angry. That preparation is real, and it matters.

What it does not address is the layer underneath every one of those encounters, and underneath everything that surrounds them: working across teams of vastly different expertise, navigating complex organizational structures, managing overbearing regulations. The transactions that fill every working day.

In many ways the expertise works against them. The credential becomes a reason not to look at the layer underneath. They are trained to be the expert. Nobody trains them to transact.

Medicine is not the exception. It is the clearest example of the rule.

Law school produces lawyers who can argue with precision and cannot reliably manage the client relationship that determines whether the argument ever gets made. Engineering programs produce people who can solve the problem and cannot move it through the organization. A CPA or CFA can read a balance sheet in their sleep and still watch a partnership negotiation dissolve without knowing why. An MBA teaches strategy, finance, and operations — and produces graduates who can analyze a market and cannot reliably close a deal, repair a partnership, or navigate a stalled initiative. The expertise is real in every case. The transactional layer was never part of the curriculum.

That is not a criticism of those programs. It is a description of the gap this book addresses.

Expertise earns you the room. TQ determines what you do once you're in it.

When People Say “Intelligence”

There is another word in the title of this book that deserves the same scrutiny we just gave *transactional*. You may not have questioned it, because it has never required questioning.

Intelligence.

We have been measuring it since the early twentieth century. The tests produce a number — your IQ, your score, your cognitive performance relative to a reference population. That number has proven genuinely predictive: academic performance, certain kinds of professional success, performance across a range of cognitive tasks. What it was less equipped to predict was what happens in the exchanges where professional outcomes are actually made or lost. Those outcomes depend almost entirely on factors that occur between people — and those factors; the tests were rarely designed to find.

Emotional intelligence moved the needle. EQ recognized that how you manage your emotional states — in relation to others, in consequential moments — shapes outcomes in ways that raw cognitive performance cannot predict. The EQ framework produced a genuinely more relational picture of professional capability: it acknowledged that what happens between people is not background noise to be managed around. It is part of the story.

But EQ is still yours to carry. Even at its most relational — in the social skills and social awareness competencies, in what some have called social intelligence — EQ remains a development question asked of the individual. What can you

cultivate in yourself? Become more self-aware. Become more empathic. Develop your social sensitivity. EQ made the relational dimension visible. What it kept was the developmental frame: *what can I build in myself, so that I show up better in the exchange?* The answer, however relational the competency, still lives in you. Still a personal attribute. Still pointing at the same question: *what kind of person are you?*

The entire architecture of professional development rests on this premise. Get smarter. Get more self-aware. Develop your strengths. Build your emotional capacity. Read, train, certify. The relevant intelligence is the intelligence you cultivate in yourself.

Brain-bound intelligence was not wrong. What the tests captured — and what the research on general intelligence established across decades — was real. The predictive power of that factor across a wide range of outcomes is among psychology's most replicated findings. The model was built to measure the individual, because the individual was the only unit the field had tools for.

Research by Anita Woolley and colleagues at Carnegie Mellon identified what they called a collective intelligence factor — a measure of a group's performance across diverse tasks that was only weakly predicted by any individual member's IQ. What predicted it instead was how well the group members attended to one another: turn-taking, social sensitivity, the quality of what passed between them. The intelligence most predictive of real outcomes, the research suggested, operates through the exchange, not within the person. It is observable in the quality of what passes between people, not in what any one of them could produce alone.

This intelligence is not a retreat from rigor. It is the modern account, and perhaps a more accurate picture of how human beings actually use shared knowledge when the stakes are real.

What determines whether a professional actually produces results in a consequential exchange — whether the deal closes, the partnership holds, the team moves, the idea lands — is rarely housed solely inside any one person. It lives between them. It is observable in the exchange itself, not on any test, not in any individual's profile.

The physician with high IQ and strong EQ still watches a critical conversation with a patient's family fall apart — not because she lacks intelligence, but because the exchange required something neither measure ever named. The lawyer of exceptional brilliance still loses the client. The engineer of genuine talent still cannot move his solution through the organization. The intelligence they have is real. The intelligence the exchange required was somewhere their training never pointed.

Not in their heads. In the room.

What makes TQ an intelligence rather than a skill is precisely this. Skills operate on problems already perceived. Intelligence determines what can be perceived in the first place. TQ's first and most fundamental act is not navigating the exchange. It is making the exchange visible. Until the hidden layer can be seen, there is nothing to navigate. The capacity to perceive that layer — to see what most professionals move through every day without ever being able to see — is not a technique. It is a form of intelligence. And like every intelligence, it is observable, learnable, and teachable.

IQ is the intelligence of seeing cognitive patterns. EQ is the intelligence of seeing emotional patterns. TQ is the intelligence of seeing the exchange.

IQ and EQ live in you. TQ lives in the exchange.

The business world has long had a piece of advice that gets close to this without quite landing on it: *surround yourself with people who are smarter than you*. The instinct is right; intelligence is not a solo performance. But the advice still locates the intelligence in the people, not in what passes between them. An emerging body of research confirms the gap: the intelligence most predictive of outcomes in high-stakes professional settings doesn't live in any individual's profile. It operates through the exchange — observable in the quality of what passes between people, not in what any one of them could produce alone.

That is not a modest claim. It means the most consequential intelligence for any professional outcome is not something you can develop alone. It requires other people — not as the audience for your development, but as participants in the exchange where the relevant intelligence actually operates. You cannot practice it on yourself. No test can find it in you. And developing more of what IQ and EQ measure will not close the gap, because this gap was never inside you to begin with.

This is what the word *intelligence* is carrying in the title of this book. Not a third trait to add alongside the first two, but something located differently — something that changes, once you can see it, where our collective development has to look.

A Word About What This Is Not

Before we go further, we want to be clear about what this book is not, because the territory near it is crowded with things it could be mistaken for.

This is not a self-help book. We are not going to promise you happiness, fulfillment, or a better version of yourself. What we can promise is a more precise understanding of what is happening in your exchanges with other people, and a practical way to produce better outcomes in them. That is a real thing. It is also a much smaller thing than self-help books typically claim. We would rather offer you something true than something inflated.

This is not a personality assessment book. You will encounter a small number of distinct personality archetypes in this work, and you are about to learn what they are. But we are not in the business of telling you what kind of person you are so that you can put a label on yourself and feel known. The types exist as a tool for navigating transactions, not as a typology for understanding human nature. The question this book asks you to ask is not *what kind of person am I?* but *what does this exchange actually require, right now, from me and from the people I am exchanging with?* Those are different questions. The first is about identity. The second is about practice.

This is not a sales manual. The methodology applies in any consequential exchange between human beings, not only commercial ones. It applies in the boardroom and in the bedroom. It applies when you are negotiating a contract and when you are trying to make peace with a sibling. Treating it as a set of techniques for closing deals would be like treating a language as a set of phrases for ordering food in a restaurant. You would miss almost everything that the language is actually for.

What this book is, finally, is a way of seeing. Once you can see the layer we are pointing at, you cannot unsee it. It is the kind of knowledge that, after a while, becomes ordinary — as ordinary as being able to read, or as being able to recognize a tune you have heard before. We are going to teach you to see it. The seeing is the practice. The practice is the book.

What You're About to Learn

The first thing you need is visibility. Before you can do anything with a transaction, you need to be able to see it. So we begin by defining exactly what a transaction is — not colloquially, but precisely — and distinguishing it from the surface interaction most people mistake for it. Then we walk through the structure of a whole transaction: the exchanges it contains, the sequence they follow, and the places where most people stall, loop, or exit without knowing they've left.

Once you can see the structure, we give you a way to navigate it. Not a checklist — a set of disciplines that govern every consequential transaction. Each exchange has a specific job in the transaction. Each one is learnable and observable. And each one addresses something most professionals are currently leaving to chance.

Then we put the full model together. By the time you see it assembled, it won't feel like instruction. It will feel like recognition. Because you will have been building it for the previous several chapters, and you will have seen it in the stories from the field — from executives and teachers and founders and negotiators and parents who lived these chapters before you named them.

And at the end, we talk about what happens next. How you raise your TQ. What the path of development looks like. How you can practice in real conditions with real stakes.

That last part matters more than anything else in this book. Because TQ is not a reading comprehension project. It is a practice. And a practice requires an environment designed for navigating consequential transactions.

That environment exists. The TQ Navigator™ is a two-day working session where this methodology meets real transactions in real time. The Fundamentals of Transactional Intelligence™ (FOT) — the Foundational Discipline for Navigating Transactions — is where the full methodology lives. Both are what this practice points toward.

The work that follows rests on something most professional training still refuses to say plainly: that transactions, done well, are how transformation actually happens. Not that they lead to it. Not that they can support it. That they are it. You cannot have one without the other. They are not two kinds of excellence. Teaching them as separate categories — as management schools have done for decades — is teaching something bifurcated, fragmented, and inaccurate.

Working at the right layer changes what is possible. Not because the person changed. Because the exchange changed. The invitation that used to slide past lands. The commitment that used to vaporize holds. The work that used to arrive wrong arrives right. The layer was always there. Now you can see it.

What gets called transformational — a relationship that shifts the way you work, a deal that opens a direction you couldn't have seen, a conversation that changes everything — is never the product of something separate from transacting. It is what

transacting looks like when every exchange runs well. What management literature calls “transactional leadership” and positions as inferior to “transformational leadership” has it backwards. The distinction is not between two kinds of leading. It is between Low TQ and High TQ. The label got stuck to the forced, incomplete version so long that the word lost its claim on the real thing.

This book reclaims it.

You now know what TQ is. You know what it isn't. You know the layer underneath — and you know what it costs when no one in the room can see it.

Every transaction has a structure. Most people have never seen it.

That changes now.

What Comes Next

You've just read Chapter 3 of *Transactional Intelligence*TM — *HIGH TQ: Why It Matters More Than Expertise*.

Want to know exactly where TQ is costing you? Take the free TQ Diagnostic before you read another chapter.



tqdiagnostic.com