Gorilla in the Midst
Auditing to Add Value

The Guide
to the video for facilitators and self study

Produced by
Nicholas & Smith Pty Ltd

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Part 1 - Introduction

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Background to video resource

The auditing role has changed significantly and much is expected of auditors. The trend is towards auditing outcomes rather than only compliance. The focus is on adding value to management system audits and to the business overall. This is exemplified in new and revised international standards and in industry standards being adopted worldwide by business.

To be able to investigate and collect the quality of evidence which ensures an effective audit, auditors must have a broad range of business knowledge and skills. They may also require specialist or technical knowledge in a particular field such as aerospace, health management and so on.

How well auditors perform in their role is dependent on the auditor’s behavioural traits and their influencing skills. This requires auditors to have an insight into their own behaviours and an appreciation of any dark side traits or derailment behaviours that may cause them to fail in their auditing role.
Who this video resource is for

- Auditors
- Organisations which use standards such as ISO 9001:2000, ISO 14001, and management systems within Health and Safety, HACCP, Aged and Health Care, GMP and other international and industry standards and codes of practice.
- Consultants and trainers.

This video and guide is designed for use by a facilitator during a group training session or by an individual manager, supervisor or auditor for self-paced learning. The guide summarises the key points from the video. It contains questions and exercises to build upon these points and reinforce the main concepts.

Objectives of video resource

This program is a resource to help auditors and business managers to:

- Understand the purpose of auditing and its contribution to the business performance of organisations.
- Appreciate the wide range of business skills needed to undertake an effective audit.
- Gain an insight into their personal attributes and their audit behaviours, with reference to specific desirable behaviours and dark side traits which can cause an auditor to succeed or fail in their role.
- Understand the terms ‘power and influence’ and how an auditor uses influence to add value to the business, through the audit process.

What the package contains

The package consists of a video and guide to help facilitators run a successful training session. It can also be used by managers and supervisors in self-paced learning. It includes:

- Video
- CDROM containing:
  - Guide for facilitator or for self paced learning
  - Slide Presentation in Microsoft PowerPoint
This guide and slide presentation are designed to be used with the video program. They allow the facilitator to build on the material delivered in the video and to tailor the program for staff by editing the guide and slides and adding specific examples from their organisation.

The symbols in this guide

- **Points raised in the video**
- **Complete the activity**
Part 2 - The Big Picture

Why Gorilla in the Midst?

Recent studies at Harvard University found that people can miss significant visual events when their attention is narrowly focused. In one experiment, subjects were asked to view basketball on screen and to count the number of passes made by each basketball team. The researchers then sent a person dressed in a gorilla suit through the court, for about 8 seconds. Nearly all observers got the pass count right but 50% missed seeing the gorilla. They term this phenomena inattentional blindness.

This concept is used in the video to introduce the key point that auditors too can miss significant events in terms of a business and its outcomes when their attention is too narrowly focused, for example on documentation detail rather than the intent of the document. Auditors need to have a broad view of the business and its objectives in order to perform their role.

Refer PowerPoint Slide 1

Video Interviews

When people are concentrating on factual information it’s certainly common for the majority of people to focus closely on the detail they are working with and it’s a relatively tall order to ask someone to see the bigger picture.
Comment on whether you think people tend to focus on detail or is it more natural for people to look at the big picture?

At your workplace, can you give a ‘real’ example (not necessarily from an auditing situation) which shows the downside of not being able to connect detail to the bigger picture?

**Systems Thinking**

A business is not managed as a collection of independent parts or processes. It is managed as a system. So for auditors, a broader view is necessary. It’s not the trees, it’s the forest.
The type of questions you might ask yourself to help you think in terms of systems include:

- What are the organisation’s goals and objectives?
- How is the system helping to achieve these goals?
- What are the critical success factors of a particular process?
- What about the future? Will this process continue to support the customer, considering the changing customer needs?

Video Interviews

When I am auditing I find it’s very important to understand the bigger picture and that gives me an understanding of the system that’s actually being audited. When I audit I am sampling small parts of a bigger system and (so) there’s a risk that I’ll miss opportunities or improvements that could actually exist within the organisation.

A good example of that is if you are auditing an accounts department they may have a really good procedure for issuing credits within the department to customers however from the customers point of view that procedure may be absolutely terrible.

I know I am thinking of systems and auditing systems when I’m considering the organisation’s goals, considering its objectives and when I’m considering how the customer links into how the organisation operates.

What does systems thinking mean to you?
Adding value

Much has changed in the role and function of the auditor. Auditing is no longer a matter of merely checking and ticking. Effective auditors are about more than compliance. They are about evaluating outcomes to improve business performance. The auditor’s goal is to find which parts of the business are working for the organisation and its stakeholders, and which parts are not. It’s about taking a wider view. It’s about auditing to add value.

Video Interviews

*Our standards now such as ISO 9001:2000 are a lot less prescriptive than they were and they tend to focus a lot more on outcomes rather than simply compliance with a whole series of procedures. The requirement is there to see whether processes are working in an effective manner. For example it does require a business to have an effective internal communication process. It doesn’t require a procedure but you need to talk to people, look at information flows, look at notice boards, look at the culture of the organisation to be able to assess whether the internal communication system is effective.*
In what ways do you expect your role as an auditor to add value to your organisation or the organisation you are auditing?
Part 3 - Characteristics of effective auditors

1. **Audit Process**
   Effective auditors know how to plan and structure an audit, and how to report findings.

2. **Personal Traits**
   Effective auditors have an insight into their own personality – their desirable traits as well as their dark side traits.

3. **Power**
   Effective auditors demonstrate a particular type of power, which is a product of their business knowledge and experience.

4. **Influence**
   Effective auditors have the ability to build relationships and persuade people to share information and act on findings.

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Part 4 - Audit Process

Audit Process

- **Audit Plan**
  Planning is the architecture for the audit. As a minimum the plan should cover the scope, purpose, timing, roles and responsibilities, resources and the required client knowledge including process inputs and outputs, the customer and the controls.

  Video Interviews

  Planning is a critical part of the audit process. You need to make sure that you consider resources you need to understand why the audit is taking place. You need to do adequate research during the planning process to make sure you understand the organisation in its totality.

- **Audit Report**
  The ultimate goal of auditing is to engage top management by presenting them with a meaningful report, one that they want to read. It should include your findings and conclusions on how well the system is helping to achieve objectives.

  Video Interviews

  When you are presenting your findings to top management you need to do it in a way where they are going to recognise that if they act on those findings that they will get some benefit for their business. The findings need to be supported with evidence, they need to be objective, and they need to be sensible for the business.

  Refer PowerPoint Slide 3
Part 5 - Personal Traits

Auditors need to possess a distinct set of desirable traits in order to successfully relate to the people they need to work with throughout the audit process. They also need to be able to recognise undesirable or dark side traits in themselves which need reform.

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Desirable traits

The following list of personal traits is reproduced with permission from the draft guidelines on quality and/or environmental management systems auditing (ISO/DIS 19011:2002)

- **Ethical** - fair, truthful, sincere, honest and discreet
- **Open minded** - willing to consider alternative ideas or points of view
- **Diplomatic** - tactful in dealing with people
- **Observant** - constantly and actively aware of physical surroundings and activities
- **Perceptive** - instinctively aware and able to understand and adapt to situations
- **Versatile** - persistent, focused on achieving objectives
- **Decisive** - reaching timely conclusions based on logical reasoning and analysis
- **Self reliant** - acts and functions independently while interacting with others

Open minded and creative

Auditors need to be open minded to alternate or new ideas. They also need to be creative in terms of being able to see things differently and make fresh observations.

Video Interviews

*Creativity is a very complex area and it is often misunderstood. For a lot of people creativity makes them think of innovation, highly almost artistic things, and really for most people creativity is about lateral interpretation and application, slight adaptation of existing ideas.*
Interacting and presenting

People high in this factor, tend to be more outgoing and sociable, and comfortable in group situations. They enjoy presenting ideas and persuading and selling to others.

Video Interviews

When it comes to interacting with other people in the workplace and presenting information, the sorts of behaviours that people will demonstrate are, on the one hand, an empathy, a concern for ensuring that people understand what they are saying and, on the other, just communicating a desire to be sociable, to interact with people, that they want to be with people and that there is a sense of affiliation.

Adapting and coping

People high in this factor tend to be generally relaxed when under pressure and will not be given to strong expressions of emotion. They have high self acceptance. They will be resistant to criticism, be less argumentative and have a relatively positive outlook. They will tend to adjust well to and embrace change.

Video Interviews

People who demonstrate that they are able to cope and adapt with changes, stresses, (and so on); these people show an emotional stability. They control their emotions. So that’s what they exhibit to people. There’s also an issue to do with what they feel on the inside. By and large people who are able to adapt and cope better simply don’t feel the same degree of tension as people who demonstrate anxiety and more emotion.
Influencing and deciding

People high in this factor will be comfortable in leadership roles, and directing and influencing others to achieve outcomes. They will speak strongly for their own position and will be prepared to challenge others. They should be reasonably decisive in style and move to action readily.

Video Interviews

When people are influencing others in the workplace the sorts of things they are doing are behaving in a confident manner, they are using vocabulary that is persuasive and they are imparting information to other people in a way that is acceptable for other people to hear.

Supporting and Cooperating

People high in this factor, tend to be more tolerant, caring and understanding of others. They are supportive and cooperative and tend to put people first. They work effectively with individuals and teams, clients and staff. They have a stronger preference for a more collaborative than competitive approach. They will potentially enjoy working in close companionship with others. They behave consistently with clear personal values which complement those of the organisation.

Video Interviews

The sorts of things that a colleague who is recognised as being supportive and considerate might be doing is following up after a meeting to ensure that that individual feels okay about what’s being discussed, that they have understood the information that’s being imparted. They’ll demonstrate some concern and some consideration through not talking over that person, through listening to them appropriately, to watching their non-verbal body gestures. So much of what another person is feeling doesn’t ever come back to us verbally, but it’s written over their face and in the way they carry themselves when they are talking to you.
What traits do you think an auditor would need to be able to deal with a department which perceives itself as elite and without any room for improvement?

What traits do you think an auditor would need to be able to deal with the staff in a department who believe they have a near perfect system and have worked hard to achieve this and so they may be particularly sensitive to what they may see as any criticism?
The following is a real example of a difficult situation an auditor experienced:

An auditor arrived late at one of the company’s sites for an audit. This was due to flight delays beyond her control. When she arrived at the manager’s office, the manager was aggressive and dismissive and did not allow the auditor to explain the position or to discuss the audit. The auditor was left no choice but to leave the manager’s office.

If you were the auditor, having spent considerable time, money and effort preparing for the audit, what course of action would you take?
**Dark side traits**

- Arrogance
- Argumentative
- Perfectionism
- Interpersonal insensitivity
- Untrustworthy

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**Video Interviews**

*Most of the skills that we have identified that successful auditors demonstrate - the curious thing is that when they are overdone most of those skills can quickly degenerate into becoming dark side traits, in so much that they may derail performance. For example where you have somebody who is highly persuasive and influential, if that is overcooked in any way it can quickly slide into being aggressive. If somebody is achievement driven and they are determined to do a good job, then if that’s overdone it can really become a recipe for high stress and anxiety which ultimately will derail performance. If somebody’s prepared to be affiliative and cooperative and supportive with their colleagues, that’s tremendous until such time as it calls into doubt the professional independence of the auditor’s judgment.*

**Arrogance**

Nobody appreciates arrogance in an auditor. Avoid giving the impression of knowing better or being better than others.

An audit creates a level of anxiety. Often auditors think they are being business like when in fact they may be perceived as overbearing and sometimes aggressive. This only adds to the anxiety and is counterproductive in getting cooperation and gathering information.
Argumentative
Auditors must avoid being argumentative. It is best not to be defensive when questioned or challenged as this behaviour only suggests a lack of confidence in your knowledge or position.

Perfectionism
This sounds like a positive trait, but it can lead to missing the big picture by being inflexible and merely nit-picking.

Interpersonal insensitivity
This is being unaware of how you are being perceived. Auditees may feel the auditor is too formal, too relaxed, or even lacking knowledge or preparation. Only by being alert to the auditee’s impressions can an auditor take the steps to mend such an impression.

Untrustworthy
Auditors cannot afford to appear untrustworthy. Typical errors in behaviour include telling one person one thing and another something else, making commitments you can’t keep or blaming other people.

Criticism can trigger a variety of emotions and reactions. How do you generally respond to criticism? Make comment on how you believe this reaction to criticism in an auditing situation would be perceived by the auditee.
How could an auditor get feedback on how they are generally being perceived by auditees?

There is a fine line between confidence and arrogance. What type of behaviour (things people do, including body language) and what type of things that auditors might say that suggest arrogance?
Part 5 - Power

Knowledge power versus authority power
An auditor is in a privileged position. They are invited into the auditee’s environment to find facts, present findings and make recommendations. They do not have automatic power over the auditees or their process or business, on the basis of their ‘title’ of auditor.

However, auditors are powerful. Their real power stems from an auditor’s knowledge and experience, their cumulative knowledge. It is the power of knowledge that gives an auditor the opportunity to add value to a business.

An auditor who has business acumen, has studied the client, the operating environment, the processes, and stakeholders, is much more able to ask questions which reveal valuable information and be able to filter out irrelevant information. They also know when they have enough information.

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Video Interviews

Thorough planning tells the auditee that you are skilled, that you understand the processes central to the audit. The auditee is looking for evidence that you can synthesize information. The auditee is looking for your thoughts and ideas.

An audit involves collecting a large amount of information and if you don’t have some knowledge about the site beforehand you might not ask the right questions or collect the right information.
Comment on the ways an auditor can help establish with the auditee that they have the knowledge to be competent in their role.

Comment on why modern standards incorporating continuous improvement require an auditor to have greater knowledge than is necessary for compliance focused approaches.
How to Build Knowledge

1. Identify how your job contributes to the success of the organisation.
2. Seek opportunities to broaden your experience.
3. Create opportunities to get feedback.
4. Understand the organisation, its purpose, its culture, its processes and its stakeholders.
5. Learn from others.
6. Plan and set goals for development.

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Part 6 - Influence

Video Interviews

Knowledge and technical expertise is a necessary prerequisite but in itself doesn’t guarantee success. What will guarantee success is (having) the technical expertise and the ability to influence and persuade people.

Effective auditors are those people who have influence, auditors who build their capability to persuade others and so make a difference. They have:

- prepared and planned;
- identified their desirable traits (and worked on their dark side traits);
- developed adequate knowledge and experience;
- the skills to build relationships;
- the skills to rationally persuade others.

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Examples of an auditor’s influence

Video Interviews

The very fact that you are there as an auditor means that you are going to influence people within the organisation. Typical ways where you will do that is if you can convince top management for example that a quality management system is an integral part of the business, not just something that the quality manager looks after that’s an (example of) influence. If you talk them into giving you access to their business planning data - that’s (an example of) influence.
Influence is defined as a change in attitudes, beliefs, behaviours or actions. In what other ways does an auditor influence an organisation, its management and the people the auditor comes into contact with?
Building relationships

When auditors build effective relationships with senior managers and other key people they are much more likely to achieve support without conflict. They are also in a better position to inspire their involvement in the audit and its findings. Effective auditors create allies, not opponents.

In order to influence someone you must build a relationship with that person and often an auditor has only limited time to achieve this. A smile and a handshake are a good start but it is much more sophisticated than that.

Build relationships through:
1. Understanding them and their environment
2. Communication
3. Give to receive
4. Get commitment
5. Maintain trust

1. Understanding them and their environment

Effective auditors set out to gain an understanding of the characters of the people they work with. How does the person prefer to work? What do they see as the issues of importance to them? Are they being open or are they being guarded about something?

You can tell a lot about a manager’s style by the culture of the organisation or department. How open are the people? How prepared are they to share information and get involved? You have to talk their language and, with managers, be prepared to talk about business performance issues.

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Video Interviews

As an auditor when you go into a company it’s important to understand the style of the managers within that organisation. You can normally find that out by talking to the managers about things that are important to them.

There was an example where a manager had some performance issues that the auditor discussed at the initial meeting with the manager. The auditor kept this in mind during the process and what she was able to report on after the audit was complete, was some issues that actually impacted on those performance measures that the organisation and the manager was concerned about.

In what other ways can an auditor get a sense of a manager’s style and what is important to them?
2. Communication

Auditing is communicating. Much of the work of an effective auditor depends on a practised repertoire of communication skills. The most basic requirement is being a good listener, showing interest in people and empathy for what they do.

2.1 Listen without judging
2.2 Use their language
2.2 Eliminate ambiguity
2.4 Be assertive
2.5 Give reasons
2.6 Use the right questions
2.7 Use silence
2.8 Use feedback skilfully

Refer PowerPoint Slide 10

2.1 Listen without judging

Video Interviews

*During an audit you are often told many different facts and it is important not to prejudge those facts too soon and to try and get information from a number of different sources to build up the big picture.*

In what ways could an auditor make judgments which could effect their findings?
2.2 Use their language

Video Interviews

If you do your planning right and you understand their business and you understand their processes and their terminology you can go in, you can talk to people using their language and not the language of the standard.

An auditor might use technical language to talk with a technical person. Generally, what language do very senior managers use?
How does an auditor learn the right language for different situations?

2.3 Eliminate ambiguity

Video Interviews

An auditee will often respond in an ambiguous manner such as “We are working on it” or “It’s in progress”. An auditor really needs to ask more detailed questions such as “How many trials have been run with the waste water treatment plant?” and “What have the BOD results been in those trials?”

Ambiguity can be handled by questioning techniques such as asking a probing question or reflecting question.
A probing question is one which looks for more detailed information such as in the video interview above.
A reflecting question tests the auditor’s understanding and so reduces the risk of ambiguity. For example, “So are you saying that over the last 12 months you have had training in the procedures for ordering supplies but only when the supplies are consumables?”
An example of a possibly ambiguous statement is “We don’t get any training here”. This statement needs to be tested or challenged in some way for its validity. Give 2 examples of questions you could use?

2.4 **Be assertive**

Sometimes an auditor’s questions and requests can appear demanding but there is no need for an auditor to apologise for simply doing their job. Often it is best to say what you mean and be assertive. Using “I statements” such as “I need to see ….. because …. ” tells the auditee in a straight forward manner what you are asking.
Give an example where an auditor might need to be assertive (e.g. a manager not providing enough detail in their statements and answers)? What words or phrases would you use and what words would you avoid, in that situation?

2.5 Give reasons

People will respond much more willingly if they understand why you need the information or what your line of questioning is seeking to achieve. People will respond negatively when information is arrogantly demanded or if they think they are being manipulated. Giving reasons also helps the questions sound less of an interrogation.

Video Interviews

You need to make sure that the manager or the person that’s responsible for that documentation is really clear about why you are looking at it and what you are going to be looking for.
2.6 Use the right questions

Open questions are the main question types used by an auditor. However, Closed questions (which generate only a yes or no answer) also have their place. Auditors also need to be practised in using Challenging, Probing and Reflecting questions (refer Eliminate Ambiguity). Questions which start with ‘why’ should be used carefully, as they may appear to the auditee that they are being quizzed or that their way of doing things is being criticised.

Refer Getting It Right video resource covering questioning techniques © Nicholas and Smith Pty Ltd.

Give 6 different examples of open questions you would use with the ‘customer’ of a process?

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2.7 Use silence

**Video Interviews**

*Sometimes you use silence during an audit to either give yourself time to think or give the auditee time to think about the answer, and sometimes they will come up with information that if you had hurried them along they wouldn’t have remembered.*

2.8 Use feedback skillfully

**Video Interviews**

*Once during a site inspection we were walking past an area where a contractor had been employed to remove a bitumen surface and we had just been talking about the importance of control of contractors when that contractor poured diesel over the bitumen to remove it and it was just adjacent to the storm water drain. The feedback was given to the environmental officer immediately so he could respond, reduce the risk to the site storm water system and we were then able to talk about future controls that needed to be in place with regards to control of contractors.*

Giving feedback has a number of basic requirements. These are:
- Timely - gave it then and there (assuming the person you are giving it to is the right person)
- Direct - do not try to pretend it was not important
- Specific - say exactly what the issue was (not a general statement)
- Descriptive - use facts not assumptions
- Helpful - give information they can use
Give an example of giving feedback which follows the feedback rules?
3. **Give to receive**

One of the most powerful tools for influencing people is **giving**. Give something to someone and there is a natural impulse, an obligation, to repay the offering.

Giving is not as obvious as it may seem. A straightforward example of giving occurs when an auditor is sensitive to the pressures on an auditee and so discusses a flexible approach in terms of a timetable and plan. A more complex example is where, in the auditor’s view the auditee has made an incorrect statement or misunderstood something and, when it is not directly associated with the audit, the auditor gives the auditee the benefit of the doubt. In a similar vein, sometimes inexperienced auditors are tempted to score points by exaggerating errors identified even where they may have little bearing on the audit.

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### Video Interviews

*You can gain more cooperation by being flexible during the audit by being aware that the auditee has a business to run, by minimising the demands on their time during the audit*

*When you’re auditing an organisation, you need to build up a relationship with the people you are auditing, so that you can get the right information. One of the tools that you can use is what I call cutting them a bit of slack. If you find something minor that’s occurred, sure get them to fix it up, but move on and say well that can be fixed up now let’s go and look at other things in the system that are more important.*
Give two examples of ‘give to receive’ which you believe works to help an auditor build a relationship with the auditee?
4. Get commitment

Commitment comes from involvement. The more mental and physical effort you are able to enlist from people, by actively involving them, the more commitment they will have towards the audit.

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Video Interviews

When you are looking at a particular task it's important for the people who own that task to be involved in the audit. So you are asking them questions, you are getting them to explain the process or the task that is being undertaken, you are also getting them to show you records or documents that support that task or activity.

I find that you can get the involvement and the commitment of managers and top managers in an organisation by talking to them at their level, talking to them about the things that are important in their organisation and making it worth their while being there at the audit.

Do you have an example of the questions or statements you might use to help get commitment, especially through getting the auditee’s involvement?
5. **Maintain trust**

Auditors depend on building and maintaining trust. Often, people confuse being trusted with being liked. But a major element of trust is competence. An auditor needs to establish that they are capable, and be able to demonstrate their expertise.

Trust cannot be assumed. It must be earned. There is nothing wrong with not knowing everything but pretending you know something is a sure way to lose trust. If an auditor has any doubts about their findings, they must ask for more information. Another way to lose trust is to say one thing and contradict it in the report.

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**Video Interviews**

*You develop trust by demonstrating that you have competence. You use the language and terminology that are appropriate to that particular area. You also maintain trust by maintaining confidentiality in the process.*

*If the auditees are comfortable, the fact that they are being listened to and respected then there is automatically a high level of trust between auditor and the auditee.*

*You will lose people’s trust if you don’t understand something and then you start to come up with findings that are not based on knowledge.*
In what ways can an auditor develop trust? Give 5 examples.
Rational Persuasion

Auditors need to build relationships with the people they audit, but in the end that isn’t enough. They need to convince managers and stakeholders to accept their findings, their judgments and support any recommendations. This requires **rational persuasion**.

So, effective auditors know how to logically present their findings, clearly establish their reasons, assist auditees in understanding what they are saying, and persuade them to act upon it.

If an auditor cannot justify their statements then they will rapidly lose their credibility. This is especially the case when dealing with senior people and technical specialists.

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**Video Interviews**

*Rational persuasion needs to be used when influencing senior management. This will help them understand the results of the audit and how it impacts on the risks of the organisation. You achieve this through logical demonstration of what you have found, by focusing in on facts and evidence and making sure that what you present is clear and concise.*

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*Senior management get to know what your capabilities are. Your power of persuasion is also based on your reputation within the organisation.*

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*I was confronted by a manager who being a finance person could not understand the value of what quality was about and the fact that non-financial auditing was of any value at all. That was a real issue that I needed to address and I had to be ...calm ... and explain to him what the benefits were with regards to non-financial auditing as opposed to financial auditing, what the difference between the two was and how could actually add value to the organisation and how this could actually add value to his area of operation.*
Some auditors exaggerate or may even make a false representation with the aim of adding impact to their findings. This can damage their ability to persuade as the auditee may lose faith in the audit report. What are legitimate ways and means that an auditor can increase their ability to rationally persuade?

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Why is it especially important to use rational persuasion with senior people? Refer to the way in which senior people make decisions.

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