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10 years experience as CAE

15 years experience as CFO

PhD Internal Audit 2013

Awards
• Audit Innovation Award 2017, 2013
• DIIR Förderpreis 2013
• Larry Sawyer Research Foundation Award 2012

Business degrees from GER, FR & UK

QIAL, CIA, CIIA, CEFA, Banker
Agenda

- My motivation to speak
- MADE to STICK: SUCCESS Model (Heath & Heath, 2008)
  - S – Simple
  - U – Unexpected
  - C – Concrete
  - C – Credible
  - E – Emotional
  - S – Stories
- Swimming in the organisation
- Key takeaways
My motivation to speak

1. Make the **internal audit** function more **effective**

2. Make the **internal audit** profession more **effective**
MADE to STICK
SUCCESs Model

A sticky idea is understood, it’s remembered, and it changes something. Sticky ideas of all kinds—ranging from the “kidney thieves” urban legend to JFK’s “Man on the Moon” speech—have six traits in common. If you make use of these traits in your communication, you’ll make your ideas stickier. (You don’t need all 6 to have a sticky idea, but it’s fair to say the more, the better!)

**PRINCIPLE 1**

**SIMPLE**

Simplicity isn’t about dumbing down. It’s about prioritizing. (Southwest will be THE low-fare airline.) What’s the core of your message? Can you communicate it with an analogy or high-concept patch?

www.MADEtoSTICK.com

**PRINCIPLE 2**

**UNEXPECTED**

To get attention, violate a schema. (The Nordie who tossed a shirt...) To hold attention, use curiosity gaps. (What are Saturn’s rings made of?) Before your message can stick, your audience has to want it.

**PRINCIPLE 3**

**CONCRETE**

To be concrete, use sensory language. (Think Aesop’s fables.) Paint a mental picture. (“A man on the moon...”) Remember the Velcro theory of memory—try to hook into multiple types of memory.

**PRINCIPLE 4**

**CREDIBLE**

Ideas can get credibility from outside (authorities or anti-authorities) or from within, using human-scale statistics or vivid details. Let people “try before they buy.” (Where’s the Beef?)

**PRINCIPLE 5**

**EMOTIONAL**

People care about people, not numbers. (Remember Bubba.) Don’t forget the WHYYYY (What’s In It For You). But identity appeals can often trump self-interest. (“Don’t Mean With Texas” spoke to Bubba’s identity.)

**PRINCIPLE 6**

**STORIES**

Stories drive action through simulation (what to do) and inspiration (the motivation to do it). Think Jared. Spring-board stories (See Deming’s World Bank tale) help people see how an existing problem might change.
Inspired by the bestseller “Made to Stick: Why some Ideas Survive and Others Die” (Heath and Heath, 2008), I will apply the SUCCESs model of sticky ideas to the world of internal auditing.

A sticky idea is understood, it is remembered, and it changes something.
Are you understood?
Are you remembered? If so, what for?
Are you agent/s of change?
What are favorable conditions to succeed? What is in your hand?

Along the acronym SUCCESs, I will share my perspective on how effective internal audit looks like. My perspective is based on over 20 years of senior management experience and my dive into the world of academia in parallel to my full-time job, performing empirical research about internal audit, too.
# Four Barriers To Learning & Change

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Source: Scharmer (2009), Theory U
Audit Cycle – How We Actually Work

THINK

RECOGNIZE
WHAT WE SEE

SAY
WHAT WE THINK

SEE

2 3

SAY

1 4

DO

SEE
WHAT WE DO

DO
WHAT WE SAY
The Traditional Model vs. Modern Play

... that incorporates offense (value creation) and defense (value protection) in all actors – with complementary roles.

**The Traditional Model (TLOD):**

- Talks about defense only;
- No communication between „silos“;
- Integrated assurance

**Modern Play:**

- Offense Wins Games,
- Defense Wins Championships

Example: Philipp Lahm (FC Bayern München)
Process Mining

IMPACT OF PROCESS MINING ON THE PURCHASE-TO-PAY PROCESS

MEASURES & POTENTIALS

'How often do document changes occur during the purchasing process?'

'How many orders with the same vendor are processed in one week? Is there potential to reduce costs by order bundling?'

OVERALL POTENTIAL

RESULTS:
- Number of orders: 114,877
- Realization potential: 90%
- Target: 91.2%

SAVINGS:
- $14,934,877 x 90% = $13,441,386 = 3.4 FTE
- 3.4 x $95,000 = $323,000 per year
- $323,000 x 1.5 = $485,000 per year

1 m € SAVINGS

465 k € SAVINGS
Farmer as suggested New Leitmotif for auditors

Key attributes:
- Has little or no formal authority
- Works indirectly; sows the seeds
- Humble; open-minded; asks questions
- Focuses on strengthening things
- Very respectful towards nature

Relationship to others:
- Cares about good conditions to grow

Culture:
- Result-driven and outcome-focused
Soft factors matter

- We have **two ears and one mouth**.
  We should listen twice as much as we speak.

- The so-called **“auditee“ is a human being**.
  Always remembering that will help you to get things done through others (not being the CEO).

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**Fingerspitzengefühl**

**Appreciation**

**Audire (lat.):** to hear, to listen
Managing and Pioneering

EXTERNAL

VUCA
Volatile
Unexpected
Complex
Ambiguous

Pioneering

INTERNAL

AMBITIONS & CHANGE

Managing

Budget, Plan,
Lean, Agile (…)

Inspired by T. Schulte (2017)
Metaphor «Swimming in the organisation»

Three types of auditors:

1. Standing on the sidelines;
2. Swimming in a calm pool;
3. Swimming in the wild ocean.

What type are you?
Key takeaways:

1. Make the **internal audit function** more effective

2. Make the **internal audit profession** more effective

- **SIMPLE (DO-SEE-THINK-SAY)**
- **FARMER AS LEITMOTIF**
- **LISTEN 2 SPEAK 1**
- **SWIMMING IN THE ORGANISATION**

- **MODERN PLAY**
- **ENTER THE PIONEERING ZONE**
Call to Action: Moving out of your comfort zone
Publications:


- **Lenz, R., Sarens, G. & Hoos, F. (2017), Internal Audit Effectiveness: Multiple Case Study Research Involving Chief Audit Executives and Senior Management, EDPACS, 55:1, 1-17**


- **Lenz, R. (2015), Internal Auditors as change agents: what a difference a year makes! The Open Auditor, Edition 3, September**

Publications cont’d:

• Lenz, R. and Hahn, U. (2015), A synthesis of empirical internal audit effectiveness literature pointing to new research opportunities, Managerial Auditing Journal, Vol. 30 No. 1, 5-33


• Sarens, G., Decaux, L. and Lenz, R. (2012), Combined Assurance: Case Studies on a Holistic Approach to Organizational Governance, IIA Research Foundation, Altamonte Springs, FL

