

**What's Your EQ?:
Why Auditors Should Care**



**The Conference that Counts!
March 2021**

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REALLY? EQ??



**DID YOU RUN OUT OF
CRYSTALS, VORTICES, AND
TAROT CARDS?**

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Ia INTERNAL AUDITOR

*Emotional Intelligence
for Internal Auditors*

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EQ:
Yeah, You've Seen This Before
and Probably Figured It Was a
Bunch of Psychological
Nonsense, Balderdash, and
Claptrap.

**But It Really Is Something You
Need to Know**

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What's All This Then?

- ▶ Why Should I Care?
- ▶ What's an EQ?
- ▶ Does Internal Audit Care?
- ▶ How Do I Do It Better?
- ▶ Does Machiavelli Know About This?
- ▶ We're Outta Here



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Poll Question #1

I'd guess EQ is most important for:

1. Executives
2. Senior management
3. Managers, supervisors, and leads
4. Line personnel
5. All of the above



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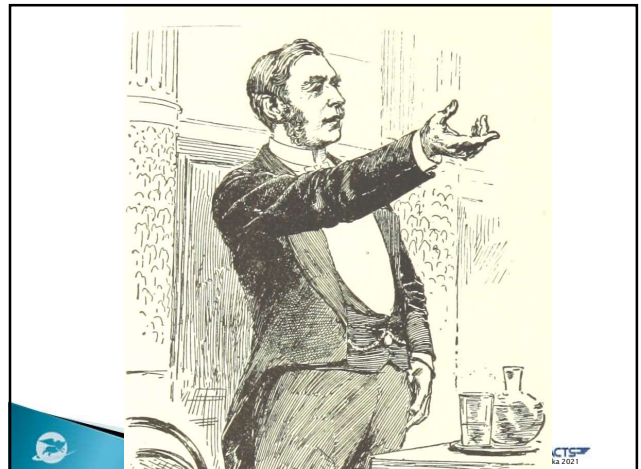
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Why Should I Care?



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Is this noise in
my head
bothering
you?

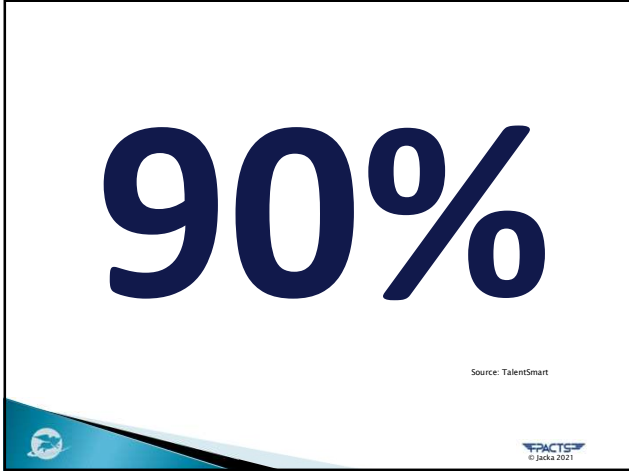
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Expertise is a
baseline
competence

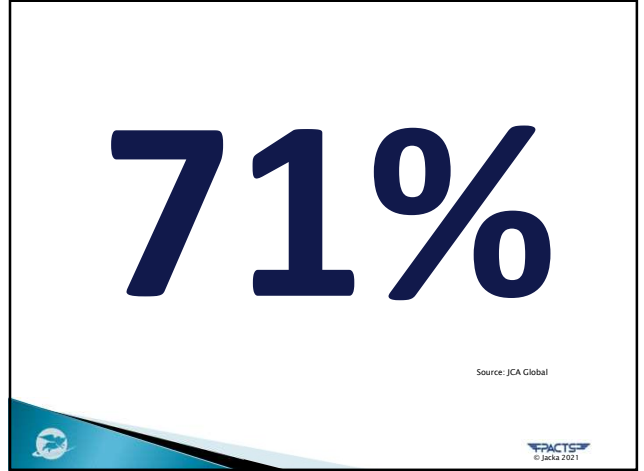
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70%

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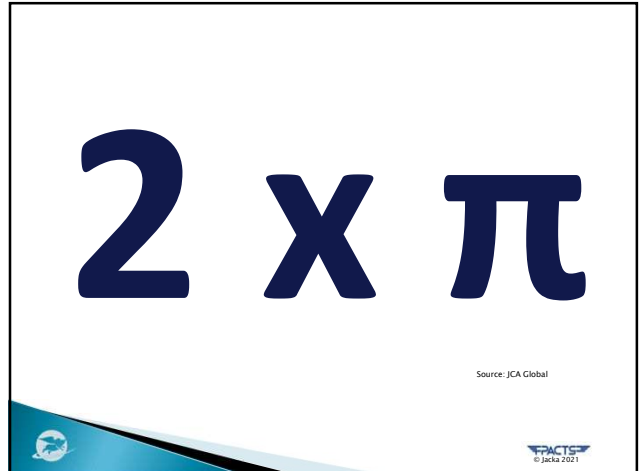
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\$29,000
\$1,300

Source: Travis Bradberry



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**Sign Me Up
For Some Of
That!!!!**



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Poll Question #2

Have you been through an EQ assessment?

1. I've been tested and I rate high
2. I've been tested and I rate medium
3. I've been tested and I rate low
4. I've been tested for a lot of things, but not EQ. And let's not discuss the results.
5. Don't know



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What's an EQ?
**(Sorry, I Mean
Emotional Intelligence)**



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Why EQ is Not IQ

IQ	EQ
<ul style="list-style-type: none">▶ Focuses on logic and reason	<ul style="list-style-type: none">▶ Focuses on verbal and linguistic
<ul style="list-style-type: none">▶ Does not predict success	<ul style="list-style-type: none">▶ Direct correlation to success
<ul style="list-style-type: none">▶ Cannot change	<ul style="list-style-type: none">▶ Can be improved

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A Definition

The ability to identify, understand, and manage your own emotions

+

The ability to understand other people, what motivates them, and how to work cooperatively with them

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Intrapersonal Intelligence

Interpersonal Intelligence

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Intrapersonal Intelligence

- ▶ Being self-aware
- ▶ The capacity to form an accurate, truthful model of oneself
- ▶ To be able to draw upon that knowledge to operate effectively

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Interpersonal Intelligence

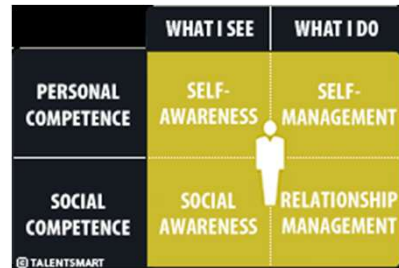
- ▶ Detecting and responding to others' moods, motivations, and desires
- ▶ The capacity to discern and respond appropriately to those moods



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Core Skills



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - Self-Regulation
 - Motivation
- ▶ Social Competence
 - Empathy
 - Social Skills

Adapted from *Working with Emotional Intelligence* – Coleman



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Poll Question #3

I think I rate highest in the following category

1. Self-Awareness
2. Self-Regulation
3. Motivation
4. Empathy
5. Social Skills



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The Emotional Competence Framework

- ▶ Personal Competence
 - **Self-Awareness**
 - Self-Regulation
 - Motivation
- ▶ Social Competence
 - Empathy
 - Social Skills

Adapted from Working with Emotional Intelligence - Goleman



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Self-Awareness

Knowing your internal states, preferences, resources, and intuitions

- **Emotional awareness:** Recognizing your emotions and their effects
- **Accurate self-assessment:** Knowing your strengths and limits
- **Self-confidence:** A strong sense of self-worth and capabilities



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - **Self-Regulation**
 - Motivation
- ▶ Social Competence
 - Empathy
 - Social Skills

Adapted from Working with Emotional Intelligence - Goleman



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Self-Regulation

Using self-awareness to better manage emotions

- **Self-control:** Keeping disruptive emotions and impulses in check
- **Trustworthiness:** Maintaining standards of honesty and integrity
- **Conscientiousness:** Taking responsibility for personal performances
- **Adaptability:** Flexibility in handling change
- **Innovation:** Being comfortable with novel ideas, approaches, and new information



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - Self-Regulation
 - **Motivation**
- ▶ Social Competence
 - Empathy
 - Social Skills

Adapted from Working with Emotional Intelligence - Goleman



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Motivation

Understanding emotional tendencies that guide or facilitate reaching goals

- **Achievement drive**: Striving to improve or meet a standard of excellence
- **Commitment**: Aligning with the goals of the group or organization
- **Initiative**: Readiness to act on opportunities
- **Optimism**: Persistence in pursuing goals despite obstacles and setbacks



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - Self-Regulation
 - Motivation
- ▶ Social Competence
 - **Empathy**
 - Social Skills

Adapted from Working with Emotional Intelligence - Goleman



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Empathy

Awareness of others' feelings, needs, and concerns

- **Understanding others**: Sensing other's feelings and perspectives, and taking an active interest in their concerns
- **Developing others**: Sensing other's development needs and bolstering their abilities
- **Service orientation**: Anticipating, recognizing, and meeting customers' needs
- **Leveraging diversity**: Cultivating opportunities through different kinds of people
- **Political awareness**: Reading a group's emotional currents and power relationships



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - Self-Regulation
 - Motivation
- ▶ Social Competence
 - Empathy
 - **Social Skills**

Adapted from Working with Emotional Intelligence - Goleman



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Social Skills

The art of inducing desirable responses in others

- **Influence:** Using effective tactics for persuasion
- **Communication:** Listening openly and sending convincing messages
- **Conflict management:** Negotiating and resolving disagreements
- **Leadership:** Inspiring and guiding individuals and groups



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Social Skills (Cont)

The art of inducing desirable responses in others

- **Change catalyst:** Initiating or managing change
- **Building bonds:** Nurturing instrumental relationships
- **Collaboration and cooperation:** Working with others toward shared goals
- **Team Capabilities:** Creating group synergy in pursuing collective goals



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The Emotional Competence Framework

- ▶ Personal Competence
 - Self-Awareness
 - Self-Regulation
 - Motivation
- ▶ Social Competence
 - Empathy
 - Social Skills

Adapted from Working with Emotional Intelligence - Goleman



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Poll Question #4

With this additional information, I now think I rate highest in the following category

1. Self-Awareness
2. Self-Regulation
3. Motivation
4. Empathy
5. Social Skills



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EQ in One Quote

“We send emotional signals in every encounter, and those signals affect those we are with.

The more adroit we are socially, the better we control the signals we send;

the reserve of polite society is, after all, simply a means to ensure that no disturbing emotional leakage will unsettle the encounter.

Emotional intelligence speaks to managing this exchange.”



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Does Internal Audit Care?



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Elon Musk

Amir Efrati

@amir

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EXCLUSIVE: @elonmusk personally takes over Model 3 production, bumping Doug Field (ex-Apple), who had had meteoric rise til now, plus other new details:
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Tesla's Musk Takes Charge of Model 3 Production as Problems Persist
Tesla's struggles to manufacture its flagship Model 3 electric sedan reached a boiling point last week, prompting CEO Elon Musk to take direct control of the division pro...
theinformation.com

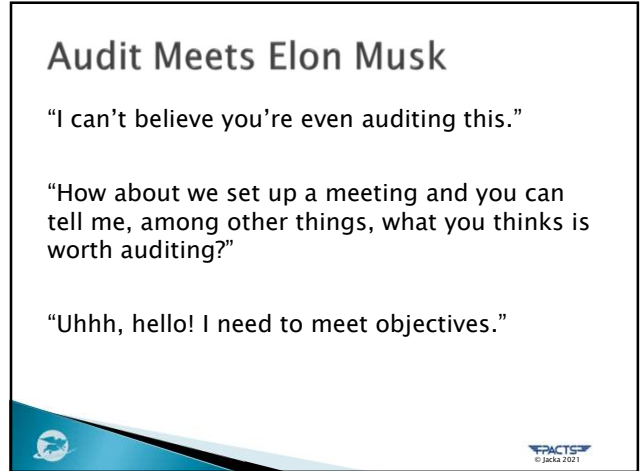


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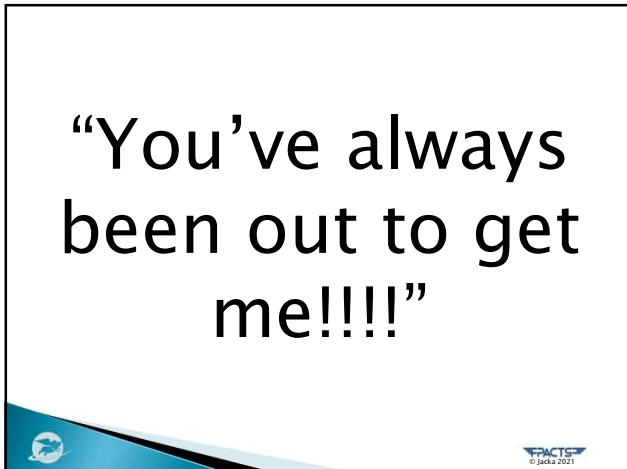
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It Didn't Come Out of the Blue

- ▶ Self is only the start
- ▶ Cross-purposed motivations
- ▶ Then you dig deeper
 - What about our history with the project?
 - What about the waste of money and frustration?
 - We knew what we would find
 - There was a point to be made
 - Prior experience
 - Self-preservation
- ▶ Responding to anger with anger
- ▶ Post-mortem



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What Internal Auditors Need

- ▶ The Customer's Motivation
- ▶ Persuasion
- ▶ Conflict Management
- ▶ Conflict Resolution



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EQ in IA

- ▶ Interviews
- ▶ Meetings
- ▶ Reporting
- ▶ Feedback/Performance Reviews
- ▶ Team Dynamics



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Interviewing

- ▶ Gain the interviewees trust
- ▶ Watch for emotions - yours and theirs
- ▶ Establishing buy-in
- ▶ Watch for change
- ▶ Emotions, not answers
- ▶ Again, what about you?



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Meetings

- ▶ Gain attendees trust
- ▶ Watch for emotions – yours and theirs
- ▶ Establish buy-in
- ▶ Watch for change
- ▶ Don't get swept up in emotions
- ▶ More people involved
- ▶ Is there an emotional catalyst
- ▶ And the auditors



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Reporting

- ▶ Don't count on logic
- ▶ Structure the report around EQ



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Feedback/Performance Reviews

- ▶ Feedback is criticism
- ▶ Test for the emotions
- ▶ Prepare for reactions
- ▶ Motivations
- ▶ The act, not the actor



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Team Dynamics

- ▶ Training the Team
 - Working together
 - Working with others
- ▶ Hiring



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The “No Duh’s!” of Internal Audit EQ

- ▶ Don’t talk in a woody, scowly face and upbraiding voice
- ▶ Talk in terms of your listeners interests
- ▶ Welcome criticism
- ▶ Play yourself down - not up
- ▶ Stop trying to be perfect in everything to others
- ▶ Don’t force them to take your point of view



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Poll Question #5

As a whole, I would rate the emotional intelligence of my organization as:

- 4) We’ve got it nailed
- 3) A good place to work, but more work on EQ
- 2) We could use some help
- 1) Help!!!
- N/A



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How Should I Do It Better?



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36%

Source: Emotional Intelligence 2.0



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Some Quick Steps

- ▶ Own it
- ▶ Self-Assess



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“The histories of vampires and people are not so different, really. How many of us can honestly see our own reflections?”

– Lynda Barry



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Self-Assessment

- ▶ People do not react as you expect
- ▶ Others are to blame
- ▶ Others’ motivations do not make sense
- ▶ No interest in others’ personal lives



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Some Quick Steps

- ▶ Own it
- ▶ Self-Assess
- ▶ Take a genuine interest
- ▶ Observe yourself
- ▶ Understand and exert appropriate control over your emotions
- ▶ Determine how to manage those emotions
- ▶ Have someone you trust



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Some Very Basic Steps

- ▶ Learn names and basic information
- ▶ Greet people daily
- ▶ Ask about their weekend
- ▶ Ask questions and listen closely
- ▶ Look for good examples to mimic



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Active Listening



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Does Machiavelli Know About This?



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Who?

- ▶ Machiavellianism
 - The art of socially manipulating others in order to achieve one's own selfish ends.



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Bad News/Good News

Bad news

Machiavellians with high EQ were more likely to have publicly embarrassed someone else for self-promotional reasons

Good news

Machiavellianism is inversely correlated with EQ



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Bad News/Good News (Pt. 2)

Bad news

Those with a higher EQ were more likely to be duped, perhaps due to overconfidence in their ability to read other

Good news

EQ is ineffective if you are not genuine
“People are not just mindless automatons. They think about the emotions they see and care whether they are sincere or manipulative.”
Actions, not words



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Ultimately

EQ is meant to be win/win

That doesn't stop people from going for win/lose

But, people are not dumb/sincerity will prevail



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We're Outta Here (Almost)



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How to

- ▶ Don't try to make people like you
- ▶ Don't pass judgement
- ▶ Treat everyone with respect
- ▶ Be Trustworthy
- ▶ Don't be a hypocrite
- ▶ Put boundaries on people who make you angry
- ▶ Understand what makes you angry



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How to

- ▶ Respond, don't react
- ▶ Be the first to reach out after an argument
- ▶ Practice empathy
- ▶ Be curious about people
- ▶ Know how to say no
- ▶ Let go of mistakes
- ▶ Give and expect nothing in return
- ▶ Don't hold grudges



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How to

- ▶ Know your strengths and weaknesses
- ▶ Learn from other perspectives
- ▶ Pause
- ▶ Praise others
- ▶ Lifelong learning
- ▶ Learn from criticism
- ▶ Keep your commitments
- ▶ Help others



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Poll Question #6

After all this, I think the category I need to work on is:

1. Self-Awareness
2. Self-Regulation
3. Motivation
4. Empathy
5. Social Skills



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Finally,
For everything we've
been discussing,
It's this simple...



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Authentically place
others needs on an
equal basis with
your own.



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Additional Resources

- ▶ *Emotional Intelligence: Why it Can Matter More than IQ* - Daniel Goleman
- ▶ *Working with Emotional Intelligence* - Daniel Goleman
- ▶ *HBR's 10 Must Reads on Emotional Intelligence*
- ▶ *Emotional Intelligence 2.0* - Travis Bradberry and Jean Greaves
- ▶ *105 Tips for Creating an Emotionally Intelligent Organization* - Patrick Merlevede and Gary Vurnum



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QUESTIONS?



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Feel free to contact me at:
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