

Marketing the Audit Department:

Building a Value Proposition



The Conference That Counts!
March 2021

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Marketing the Audit Department



2


Marketing the Audit Department



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Where We're Going

- ▶ Marketing?
- ▶ The Value Proposition
 - Customers
 - Value
 - Competition
 - The Solution
 - Express it
- ▶ But Wait; There's More



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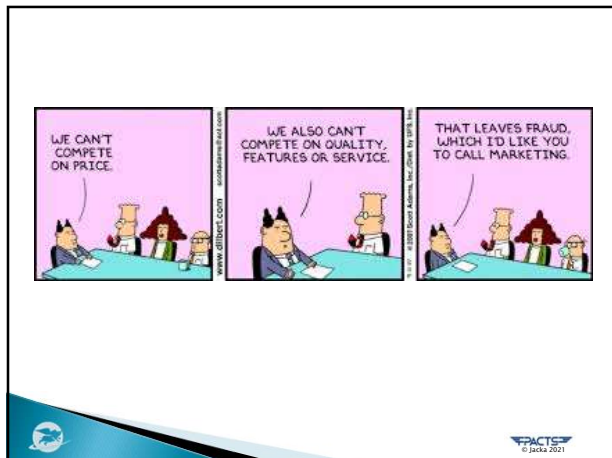
Poll Question #1

Are You a Marketer?

- Absolutely not
- Kind of
- A lot of the time
- Absolutely yes
- N/A

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We're surrounded by people who would like a piece of our attention, a bit of our trust and some of our action.

Those people are marketing to us

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On the other hand:

If you're looking for votes at the city council meeting, or looking for a promotion, you're marketing.

If you're writing copy on your website, taking a selfie for your social media profile or trying to talk your way out of a speeding ticket, you're marketing.

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If you need to persuade someone to take action, you're doing marketing.

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A Marketing Primer

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What is Marketing?



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Marketing – A Definition

“A management process responsible for identifying, anticipating, and satisfying customer needs profitably”

– Chartered Institute of Marketing

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8 “P”s of Marketing

- ▶ Product
- ▶ Price
- ▶ Promotion
- ▶ Place
- ▶ Packaging
- ▶ Positioning
- ▶ People
- ▶ Purpose

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Brand More than just a picture



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Brand – A Definition

“The set of expectations, memories, stories, and relationships that, taken together, account for a consumer’s decision to choose one product or service over another”

– Seth Godin



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Who We Want to Be

- ▶ Partners
- ▶ Trusted Advisors
- ▶ Communicators
- ▶ Business Experts
- ▶ Critical Thinkers
- ▶ Incubators of Talent



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But



What is our brand?

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The Internal Auditor

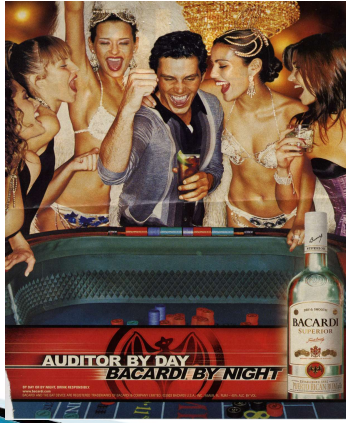
The typical auditor is a man or woman past middle age, Spare, wrinkled, intelligent, cold, passive, non-committal, with eyes like a codfish.
Polite in contact but at the same time irresponsible, cold, calm, and composed as a concrete post or plaster-of-paris cast;
A human petrification with a heart of feldspar and without charm of the friendly germ, minus bowels, passion, or a sense of humor.
Happily they never reproduce and all of them finally go to Hell.

From International Harvester Magazine - 1963



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How
Far
We've
Come



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OR HAVE WE???

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Tan Lines From Typical Summer Activities



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Brand Management

Understanding and trying to influence every possible touch point the business has with stakeholders/customers

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8 “P”s of Marketing

- ▶ Product
- ▶ Price
- ▶ Promotion
- ▶ Place
- ▶ Packaging
- ▶ Positioning
- ▶ People
- ▶ Purpose

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As soon as we take responsibility for the marketing we do and the marketing that’s done to us, we have a chance to make things better (by making better things).

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Why is a Marketing Plan Necessary?

- ▶ Everything you are doing is selling your brand
- ▶ Outsourcing
- ▶ Expanding the role of audit
- ▶ Becoming what we aspire to be

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When they ask the question “Why should I turn to auditing?”

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Poll Question #2

Do you have an elevator pitch?

- No
- No, but I could make one up on the fly
- Yes, but I can't always remember it
- Yes
- N/A
- What's an elevator?

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The Value Proposition

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What is a Value Proposition?

- ▶ A business or marketing statement that summarizes why a consumer should buy a product or use a service.
- ▶ A promise of value to be delivered and acknowledged and a belief from the customer that value will be delivered and experienced. *Value proposition* can apply to an entire organization, or parts thereof, or customer accounts, or products or services.
- ▶ A clear statement about why an individual or an organization would benefit from buying or using the organization's product, service, or solution.

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A structured approach
to understanding and
expressing the
department's value

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Why you care

- ▶ Few audit shops can say why the customer should care about internal audit
- ▶ Few have analyzed the specific value their audit department can provide to the organization
- ▶ The result: Customers hear a disjointed message with no consistency
- ▶ If you can't describe it, you will always have trouble selling it

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With Apologies to John Lennon...

Imagine there's no audit

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The Process

- ▶ Step 1: Know your Customer
- ▶ Step 2: Know What You Deliver
- ▶ Step 3: Know Your Competition
- ▶ Step 4: Know Why You are the Solution
- ▶ Step 5: Know How to Express It

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1) Know Your Customers

- ▶ Who are your customers?
- ▶ What do they need, what do they value?

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Customer vs. Client



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Poll Question #3

Who are your primary customers?

- Audit Committee, Governing Board
- CEO, CFO, COO, etc.
- Executives, Management
- All employees
- The organization's customers
- Others



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Who Are Your Customers?

- ▶ Look at your current and potential customers
- ▶ Broad net to ensure all possible values are considered
- ▶ Include all levels, for example governance, auditee, assurance, and external



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What do they Value?

"A problem well-stated is a problem half solved"

- ▶ What do they need?
- ▶ What problems are they trying to solve?
- ▶ What improvements are they looking for?

You will need to sit and talk with them



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Dig Deep for Value

- ▶ We try to tell them it is assurance, but what is it they really want?
- ▶ Remember: They are not buying because of the service itself; they are buying because of the outcome. For example, no one is buying a report, they are buying the changes that are written about in the report

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Potential vs. Target Customers

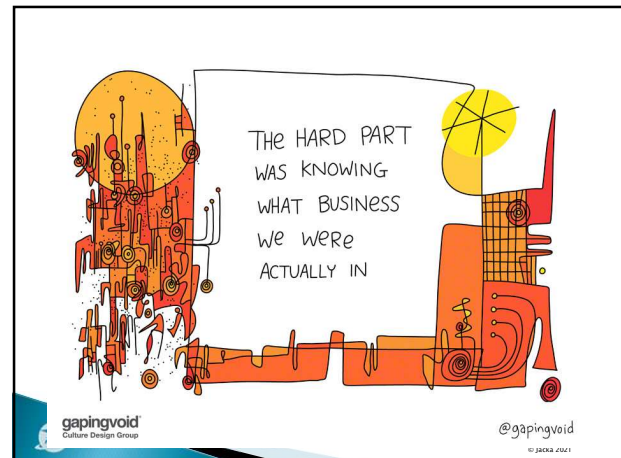
- ▶ We might provide value to all identified customers, but we will have to focus
- ▶ Find the target customers within all potential customers
- ▶ Just because they are not “target” customers, don't forget about them. They may become important later.
 - Example: The organization's customers might be thought of as secondary or even tertiary customers for audit. Keep them in mind, but we are not usually selling our service to them.

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2) Know What You Deliver

- ▶ What are your services and products?
- ▶ How do those services/products match the customer's needs?

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What are Your Services and Products?

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What are Your Services and Products?

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How Do These Match Customer Needs?

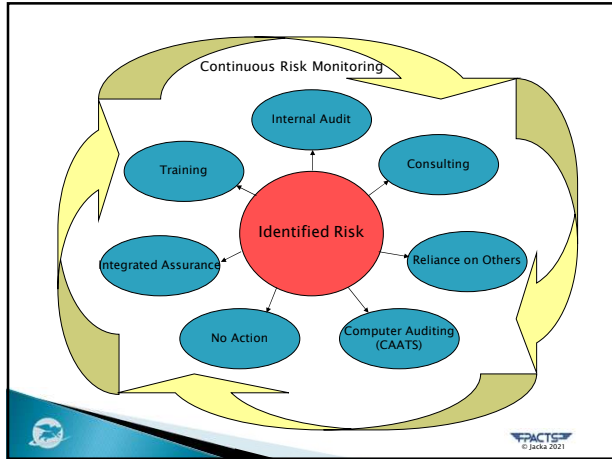
- ▶ Is what we're offering what customers want?
- ▶ If not, what must change?
- ▶ Do customers know what they want?
- ▶ What are the benefits of engaging our service?
- ▶ Understand the value of solving their need
- ▶ Take on the customer's roles. Does the service relate to "What the customer values" in step 1?

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Why the Analysis?

- ▶ Intended to ensure existing alignment.
- ▶ May point out areas where services must change.
- ▶ Will lead to establishing the convincing argument of why we are the solution.

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3) Know Your Competitors

- ▶ Identify all potential competitors
- ▶ Identify the value they provide
- ▶ Identify your competitive advantage

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Identify All Potential Competitors

- ▶ Look outside the company; look inside the company
- ▶ Some may have also been identified as customers

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Identify the Value They Provide

- ▶ Be honest. Customers will recognize the value even if you don't.
- ▶ Recognize their strengths.
 - They will be very good at some things
 - Admit it.
 - It is not your objective to be everything to everybody
- ▶ Look for the weaknesses.
 - Cast a broad net to find all opportunities
 - Don't go too far afield; minor achievements will be distracting at best and, at worst, potential failures offering little reward

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Identify Your Competitive Advantage

- ▶ How does your service create more value?
 - Compare strengths and weaknesses in relation to what customers value
- ▶ Recognize the niches



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Two Quick Hints

- ▶ Internal
 - Independence and Objectivity
- ▶ External
 - Knowledge and Relationships



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A Quick Recap

- ▶ The customer – who are they and what do they want?
 - Is the problem unworkable (in other words, it can't stay this way)
 - Is fixing the problem unavoidable
 - Is the problem urgent
 - Is the problem underserved (absence of valid solutions)



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Before Moving Forward

- ▶ What do we offer?
 - How does it match what the customer needs
 - The value our service offers
- ▶ Who is the Competition?
 - What they do well and what they are missing.
 - Find all the intersections – Good/good, bad/bad, good/bad, bad/good.
 - Begin the differentiation process
 - How does our service create more value than theirs?



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Poll Question #4

How much does your audit department already understand?

- We know our customers
- We know our value
- We know our competitors
- We know customers and value
- We know all three
- We have a vague idea about some or all
- Boy, have we got a ways to go
- N/A

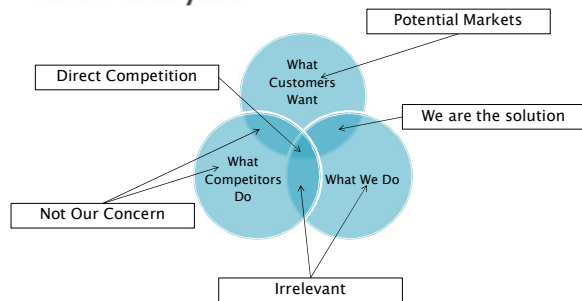
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4) Know Why You Are the Solution

- ▶ The marriage of resonance with differentiation
 - Resonance – how we can provide what they need
 - Differentiation – how we are better/different – how we stand out from other available suppliers
 - We are not unique; we are better
 - We are not unique; we are distinct
- ▶ Answer the question “Why should I buy your brand?”

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The Analysis



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Step 5: Know How to Express It

- ▶ Pull the pieces together in a way that all can understand and communicate
- ▶ Not just a short phrase; vision or mission statement
- ▶ An articulation of value that allows a consistent message adaptable to all situations

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One Suggested Approach

- ▶ **Headline** – 1 short sentence – end-benefit
- ▶ **Sub-headline** – or 2–three sentences – explanation of what is offered, for whom, and why it is useful
- ▶ **Paragraph of text** – or bullet points – key benefits or features

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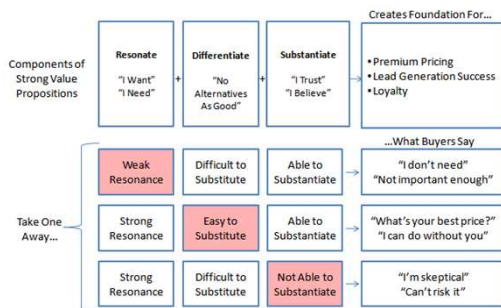
Substantiate

THEY MUST TRUST YOU

- ▶ **Proof of concept** – where have you succeeded?
- ▶ **Enlist advocates** external to the department
- ▶ **If it is your job, but you can't deliver**, find the resources anyway possible (training, job sharing, co-sourcing, etc.)
- ▶ **Get your message out there; sell, sell, sell**

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How the Value Proposition Works



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And further...

- ▶ Done right, everything is driven by the value proposition
- ▶ Identifies service provided to the customer, what to deliver, and expectations for efficiency and effectiveness
- ▶ Helps understand who to hire
- ▶ Ensures strategic direction is appropriate

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A Story From the Real World

Creative Solutions to Customer Needs

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When to Market

Always

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Marketing as Part of Existing Processes

- ▶ The Audit Process
- ▶ Other Audit Activities

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The audit process

- ▶ Kick-off Meetings
- ▶ Fact Find/Background
- ▶ Updates
- ▶ Interviews
- ▶ Testing
- ▶ Discussing results/reports
- ▶ Every interview or meeting
- ▶ Surveys

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Other Audit Activities

- ▶ The Board
 - The Charter
 - On-boarding new members
- ▶ Training opportunities
 - Executive training
 - Guest auditors
 - Rotational assignments (both ways)
- ▶ Relationship Management

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Moments Of Truth

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Train every member of your team to be a brand ambassador, as they can significantly impact the customer experience.

The Disney Institute

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Poll Question #5

On a scale of 1 to 5, do your customers know you and come to you?

- 5 - They know us, come to us, and value us
- 4
- 3
- 2
- 1
- 0 - We may as well be in a back room behind the boiler where no one goes.

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Flocking – Starbucks And Internal Audit

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Prove You Are Human

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Show Them You Are Part of the Team

- ▶ Department Decorating
- ▶ Poetry Slam
- ▶ Open House
- ▶ Postcards and Bob's Keys

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- ▶ I don't take myself particularly seriously, but I take my work very seriously.
- ▶ Harlan Ellison

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Poll Question #6

I can start working on a value proposition with:

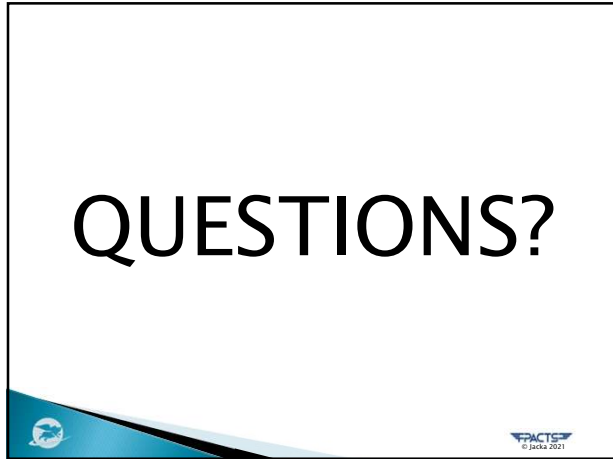
- The entire department
- A small circle of friends
- Me, myself, and I
- Not yet, not yet, not yet my son
- N/A

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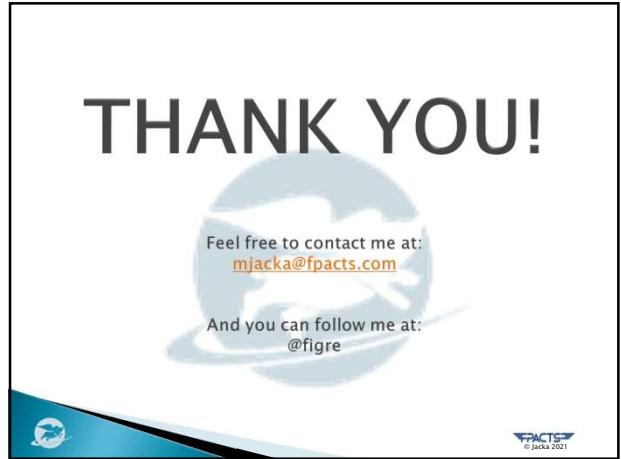
In Summary

- ▶ You are always marketing the department
- ▶ Develop a consistent message
- ▶ Ensure the entire department understand and can deliver the message
- ▶ Marketing is a part of every action internal audit takes
- ▶ Let people know you are a part of the team, and that you are a human.

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