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21.–22. May 2025
PRAGUE

The Future Ain´t What It Used To Be: How To Navigate Stakeholder Relationships With Authenticity

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AGENDA

1. Stakeholders? It´s not what you think it will be
2. And if we started by how we influence?
3. When it´s getting tough: Applying authentic leadership principles
4. Getting organized

1. Stakeholders? It´s not what you think it will be

Navigating the stakeholder landscape

Business partners

External auditors

Sector-specific

Investors/ analysts

Regulators



Internal Auditor

Governing body

1st line

2nd line

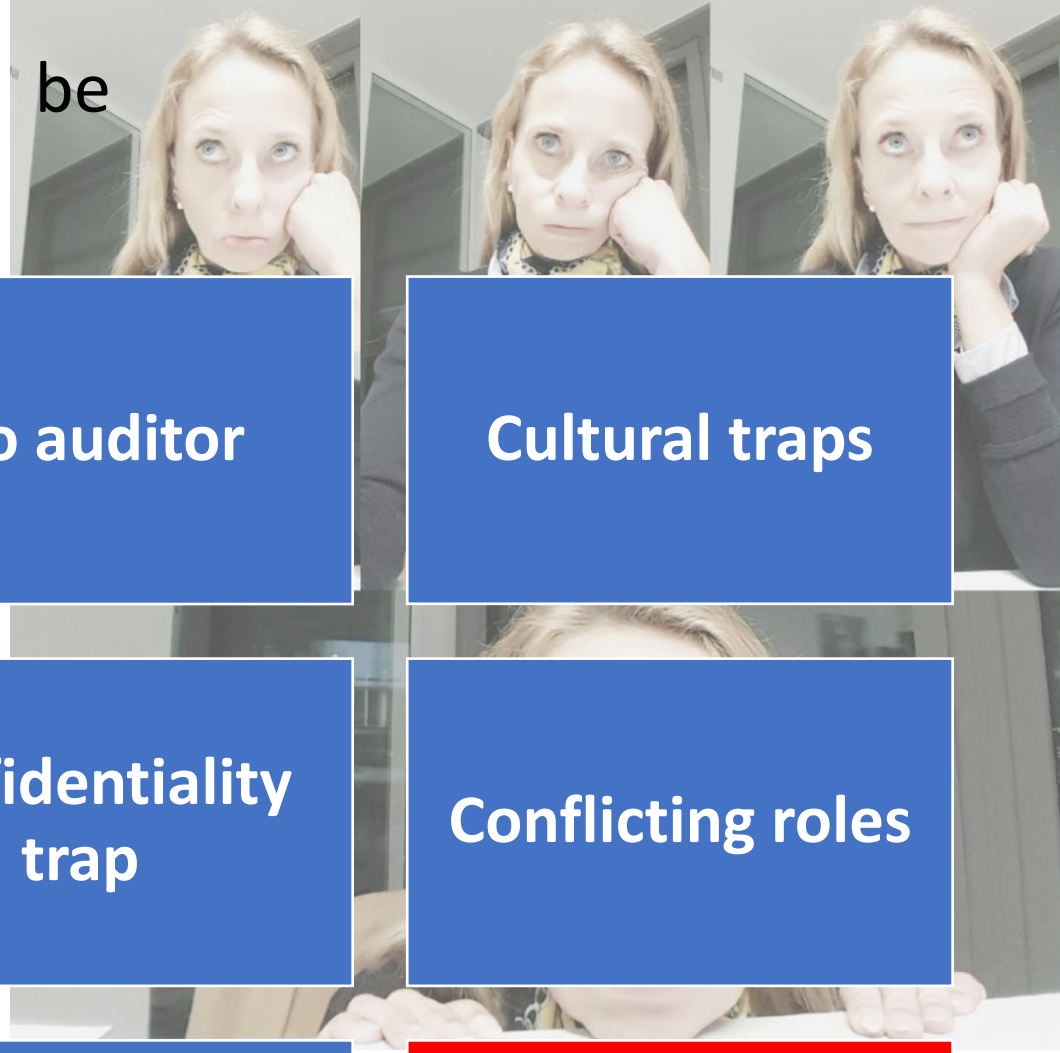
Team

Colleagues

Source of image: Smolik, H.-P.: Das grosse illustrierte Tierbuch, Gütersloh 1960

1. Stakeholders? It´s not what you think it will be

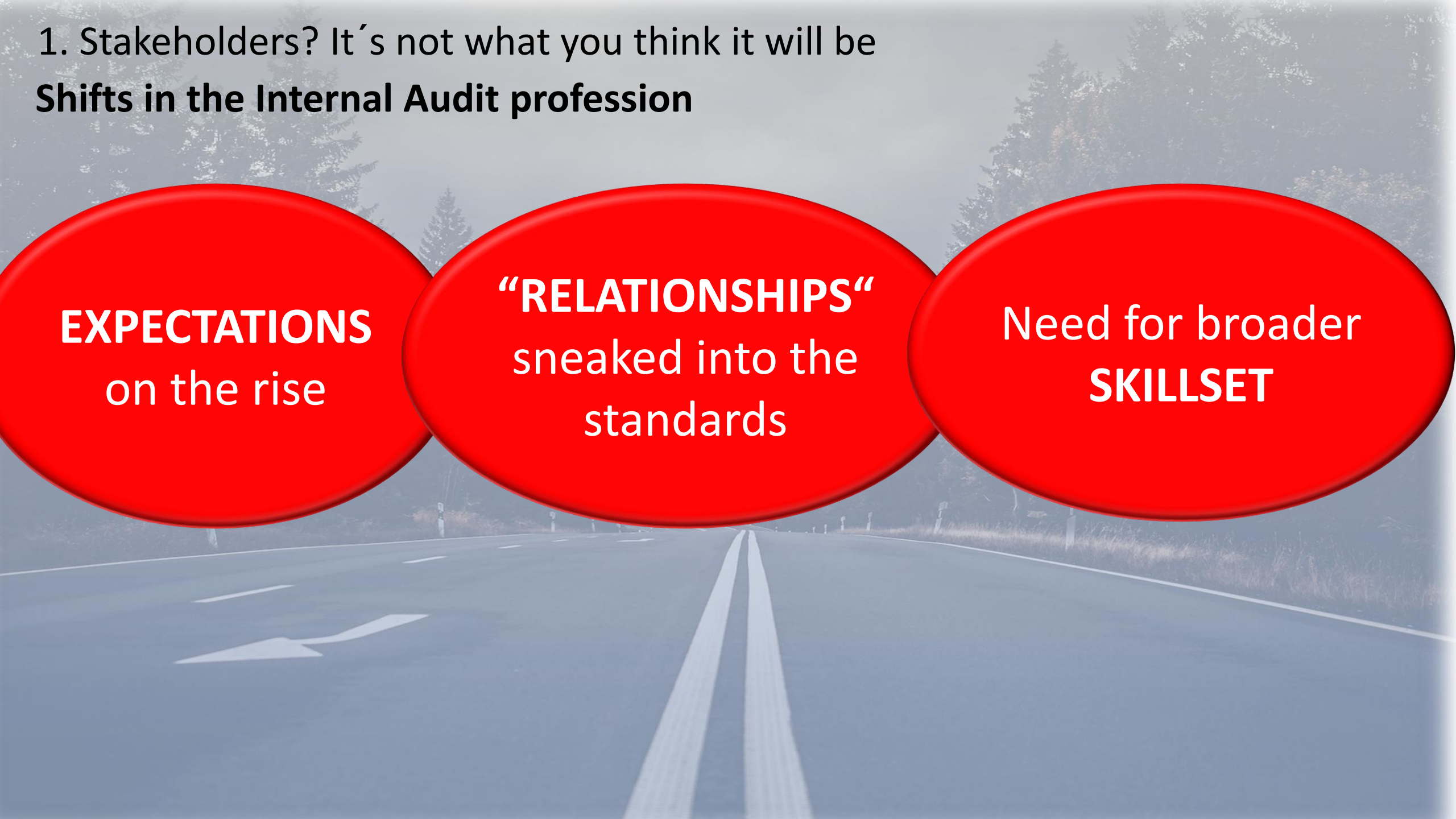
Challenges galore: A few classics



- "Uncooperative" client
- Trust lost
- Silo auditor
- Cultural traps
- Perception gap
- Stakeholder reporting
- Confidentiality trap
- Conflicting roles
- Competencies
- Different personalities
- Language mismatch
- **Who wants to be the auditee?**

1. Stakeholders? It´s not what you think it will be

Shifts in the Internal Audit profession



2. And if we started by how we influence?

”Why should anyone follow you?”



Non-transactional	Long-term focus	Mutually beneficial
Consistently responsive	Honest	Appropriate
Personal	Humble	Genuine

2. And if we started by how we influence?

Leadership principles and shifts in IA: The missing link

- Shifts in leadership schools
- Leading requires collaboration
- From short-term to long-term
- **Authentic business relationship qualities**



Authentic alliances

IA shift of role and perception

More stakeholder complexity

One-and-done was yesterday

Relational skills

2. And if we started by how we influence?

Authentic leadership concept & principles

True to oneself

Leading with…	Characteristics
Purpose	
Own values	Trust
Empathy	Transparency
Strong relationships	
Self-discipline	Truth-telling

Why do I lead how I lead?

- ➔ **Self-awareness**
- ➔ **Understand one´s story**
- ➔ **Living one´s values**

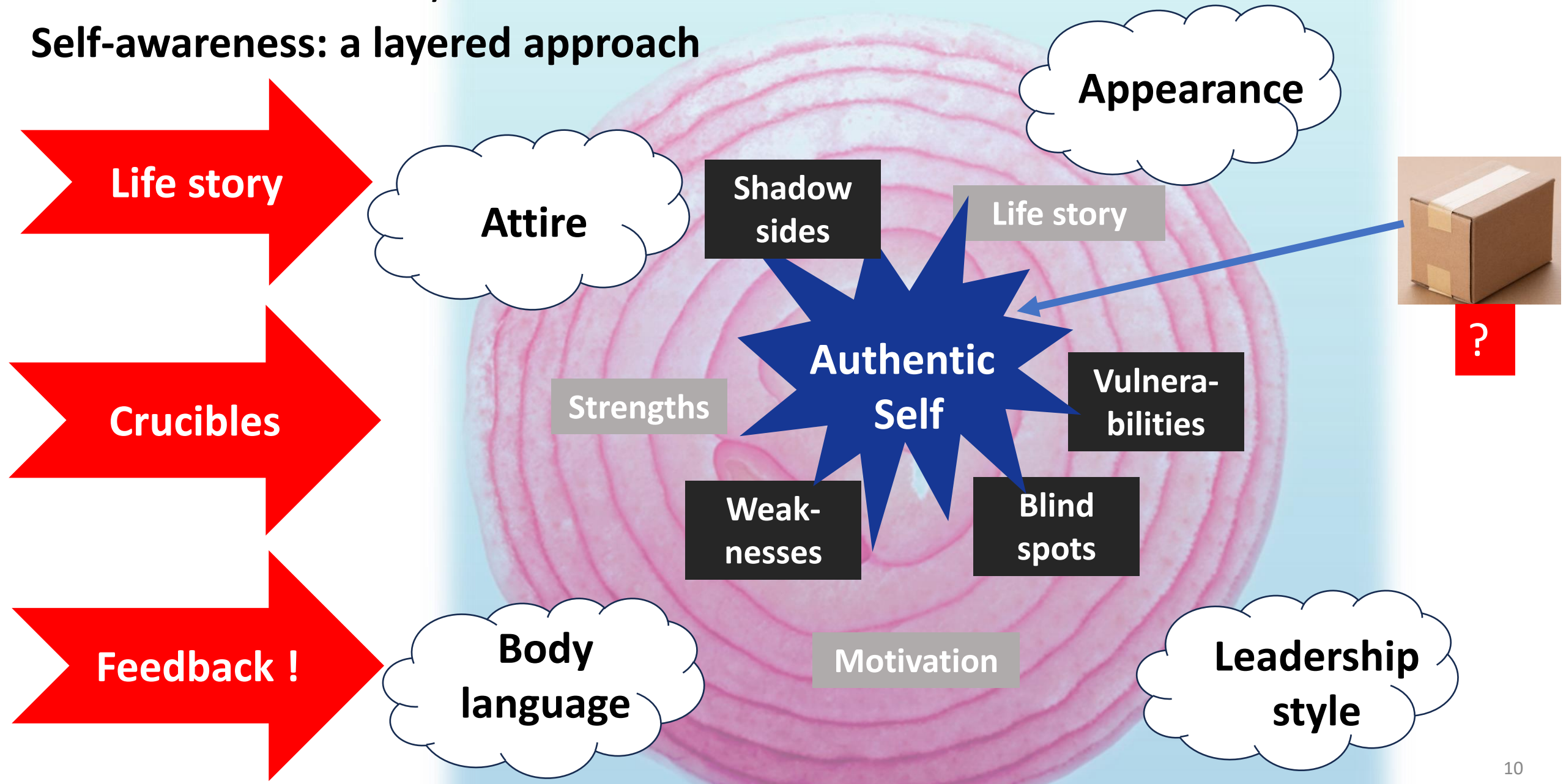
INTEGRITY



Source: Bill George (2008): Finding your True North (basic concept, adapted).

2. And if we started by how we influence?

Self-awareness: a layered approach



Source: Bill George (2022): True North - Emerging Leader Edition, adapted.

2. And if we started by how we influence?

Life story: How we became the leader we are (and will be!)

- Experiences, people, events, circumstances
- Positive or negative moments
- Proud or less proud situations
- Crucibles: where our world seems to fall apart
- Plans, hazards, sweet spots
- Not a “hero-or-victim” story
- **No finish line!**



2. And if we started by how we influence?

Values: not without my moral compass!



What are my values?
What guides my decisions?

- **Moral courage**
- **Ethical boundaries**

3. When it´s getting tough: Applying authentic leadership principles

One toolbox, different scenarios

- Purpose
- Own values
- Empathy
- Strong relationships
- Self-discipline



3. When it´s getting tough: Applying authentic leadership principles

Typical challenges

Objective: re-building trust

- Humble self-assessment:
  - where did I fail?
  - why did I fail?
  - would I fail again?
- Empathy

  Understand the consequence
- Being able to apologize
  - Authentic, not manipulative
- Self-discipline in learning from mistakes



"Trust lost"

Management surprises at the audit committee
Client surprises at the closing meeting
Client surprises in the audit report
Inconsistent communication
Inefficiency
Indiscretion
Lack of transparency
Unreliability
Lack of objectivity

"All-stakeholder" risk

3. When it´s getting tough: Applying authentic leadership principles

Ethical dilemmas

“Friends with findings“

- **Relationship** test: how much honesty can it take?
- Tough **empathy**
- **Self-discipline**: no compromise on quality
- **Purpose**: where are my blind spots?
- Context impacts “lived“ **values**



3. When it´s getting tough: Applying authentic leadership principles

Over-shooting: When status beats purpose

- New title, new perks
- High praise/ quick success
- Sudden high exposure
- “Irreplaceable”

- Taking all credit for oneself
- Jumping on “exposure projects “
- Quick-win attitude
- Personal shine focus



☹ Extreme need for acclaim
☹ Unbalanced motivations
☹ Fear of being overlooked

- Re-balancing own motivation
- Honest feedback for getting grounded
- Understanding one´s life story

3. When it´s getting tough: Applying authentic leadership principles

New audit committee chair



- ✓ Research: with whom will I work?
- ✓ Informal beats formal
- ✓ Clarify expectations – on both ends

  “How can I support you best?”

  “How is your role most helpful for our work”
- ✓ Be prepared
- ✓ Demonstrate you are part of the team
- ✓ Address future ways of cooperation
- ✓ Be “appropriately authentic“



- Unsolicited information overkill
- Doing “as usual”

3. When it´s getting tough: Applying authentic leadership principles

So where are the limits? It´s a fine line.

Genuine	Socially adaptive	Empathy	Honesty	Humble	True to oneself
Ignoring social norms	100% conformity	Too close	Sharing all	Exposed	Letting it all out

Challenge: being “appropriately authentic”

4. Getting organized

Strategic approach for stakeholder relations

Risk assessment & Strategy

Develop a plan	Invest time	Do research
Set priorities	Set expectations	Be proactive

+ **Authentic Self**

= Putting “me“ in the equation

4. Getting organized

1 Self-awareness check: Starting with me!

- Understand my layers
- Feedback loops
- Why do I lead how I lead?
- Values
- Sweet spots
- Behavioral risks

Positively unique?

Preferred colors?



4. Getting organized

2 Expectations & perception & issues check

Stakeholder map	• *Anyone ignored?*
Expectations	• *How can I serve best?*
Perception	• *Self-image versus external image*
Priorities	• *Risks, opportunities, multiplicators*



4. Getting organized

3 Practical use of existing resources

- Personal sounding boards
- External Quality Assessment
- Self-awareness exercises*
- Communication options
- Networking



*Examples: DISC, Myers-Briggs, 360° feedback, coaching

Takeaways

Everything changes – and it starts with us!

- Our stakeholder maze requires authentic relational skills
- Authentic leadership is grounded in integrity - as is Internal Audit
- Navigating authentically: not without my values!
- Uniquely influencing beats fake leadership
- Our preferred colors are shaped by our life story
- Authentic leadership provides cool tools for Internal Audit struggles
- Don´t forget to recalibrate your moral compass!



“The hardest person you will ever have to lead is yourself.“*

Thank you very much / Děkuji mnohokrát!

Questions / Feedback?

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* Source: Bill George (2022): True North - Emerging Leader Edition.