THE TACTFUL SKEPTIC

The Tactful Skeptic: It’s not an oxymoron. There is an etiquette to skepticism, and every board member should know how to exercise skepticism respectfully, listen to management carefully, and not be afraid to “trust but verify.”

The director’s role is not an easy one. It’s a job that uses both head and heart. The intelligent director must be skeptical, but to be effective, the director must also be tactful. Board members have a fiduciary responsibility to maintain a questioning perspective and to voice doubts where appropriate. But it’s important to keep in mind that, to an anxious management team, even a well-intentioned inquiry might seem to cast doubt.

“Tact and diplomacy are all about skill and sensitivity in dealing with others, particularly with difficult people and tricky situations. Understanding other people and empathizing with the way they think and feel is essential to effective relationships,” said Olivia Kirtley, president of the International Federation of Accountants (IFAC) and a director of several public companies.

Trust but Verify

If the goal is to “trust but verify,” it’s important to accentuate trust. Michele Hooper, a board member of the National Association of Corporate Directors (NACD) and member of several corporate boards, notes that directors and professionals are frequently “predisposed to trust management and each other. This is called a ‘bias to trust,’ which can inhibit raising questions or probing deeply.”

Even when trust is well-founded, however, skepticism is appropriate. Kirtley points out that “skepticism does not mean a lack of trust. Rather, it means, ‘I trust you, but my responsibilities require me to confirm what you and others tell me.’”

It helps to keep things on a professional level. “Assume that everyone is approaching the situation with the best of intentions,” Kirtley said, “but they may not have considered all the outcomes or options.”

The situation is more difficult when there are allegations of illegal or unethical behavior. “Your questioning does not mean you have drawn any conclusions,” Kirtley said. “It’s unusual to do investigations. They don’t come along every day, so it is easy for management to take it personally if they are falsely accused – and especially if the accusations are not false. It’s not personal at that point. Taking time to express that is important.”
Fortunately, there are several steps directors can take to maintain effective working relationships even when skepticism is clearly justified.

1 Set the stage
To avoid sounding overly skeptical, establish an atmosphere of openness and honesty, letting management know in advance what the expectations are. Directors should request the full picture on potential strengths, weaknesses, opportunities, and threats, Kirtley said. “The important thing is to ensure the information is not just what management chooses to present.”

2 Begin by agreeing
Timing can be important for discussions on potentially contentious issues. Rather than starting a meeting with a concern, begin with an issue on which all parties are likely to agree. This helps establish rapport before confronting more challenging matters.

3 Listen actively
During difficult conversations, there may be a difference between what someone is saying and what they are thinking, and it takes careful concentration to recognize and understand any underlying messages. Listen to not just what is being said, but also how it is being said.

4 Ask, don’t tell
Doubt is less painful when it is expressed as a question or a hesitation, rather than as a flat statement or demand. An order to “fix it” can raise hackles, while phrases such as “I wonder what would happen if we tried doing this,” or “What do you think would happen if we do this?” give management pause to seriously consider alternatives. Soften questions by including positive messages. Consider, for example, phrasing an inquiry by saying, “Of course, we all assume everything is operating as intended, but how many of us really understand how the internal controls are working?”

5 Control the heat
No matter how adroitly a director might navigate through a difficult issue, confrontation sometimes is unavoidable. Staying calm and helping others keep their emotions in check are two of the most important things both sides can do to keep the conversation on track.

“You don’t have to be mean to be tough,” said Mary Mitchell, president of The Mitchell Organization, a communications and etiquette consultant, and the author of several books on manners. Mitchell recommends practicing speaking in an unemotional tone. “An accusatory, disbelieving, or sarcastic tone of voice will sabotage your efforts every time,” Mitchell said.

Non-verbal cues are also important. People are more likely to remember how they were made to feel than the actual words spoken. Eye rolling, foot jiggling, and crossed arms can unnecessarily create tension.
Choose your team, pick your battles, then stand your ground

Not every management decision and action can or even should be reviewed, so board members need to be comfortable with and confident in management’s decision-making ability. “One of the highest responsibilities of the board is to have an appropriate management team in place . . . to bring high-quality information to the board,” Kirtley said.

A rubber-stamp director is an ineffective director. However, it’s equally unproductive to be a knee-jerk skeptic. The balance lies in picking the right battles. The key may be to “drill down” on the most significant topics on the board’s agenda, but forego questioning less important details.

Choosing battles doesn’t mean backing down, and tact should never be confused with compromise. Tact is about how we speak to others, while compromise is about making concessions. When the outcome of an issue is important, it is necessary to be assertive as well as diplomatic.

Kirtley advises that the board should always be in control of decisions whether to proceed with an investigation. She suggests saying, “We appreciate the fact that you feel no additional information is needed. But our fiduciary responsibility is to seek more information until we are satisfied.”

Isaac Newton once said, “Tact is the art of making a point without making an enemy.” Being tactful is just that: having the ability to clearly communicate a message while being sensitive to others.

“Trust but verify” lies at the heart of a board’s responsibilities. It is only through the combination of trust and verification that we can truly be effective as directors.

Softening the Sting: The “Skepticism Sandwich”

Expressing skepticism can lead to hurt feelings or defensive reactions that can harm working relationships. Damage can be mitigated by using the “skepticism sandwich” method.

Deliver potentially contentious messages in the middle of a longer message, much like meat is wedged between two slices of bread in a sandwich.

■ **Focus on a positive.** Express confidence in management of the area under discussion, for example, or point out something beneficial about a proposed idea.

■ **Clearly express skepticism,** but stress the need to “trust but verify,” rather than the reason to doubt.

■ **Conclude on a high note,** reiterating positive statements and describing positive results that can be expected if proposed actions are taken.

Quick Poll Question

How strongly would you agree or disagree that tactful skepticism is practiced by your board and executive management?

Visit [www.theiia.org/goto/quickpoll](http://www.theiia.org/goto/quickpoll) to answer the questions and see how others are responding.
About The IIA
The Institute of Internal Auditors Inc. (IIA) is a global professional association with 180,000 members in 190 countries. The IIA serves as the internal audit profession’s chief advocate, international standard-setter, and principal researcher and educator. www.globalia.org

Complimentary Subscriptions
Visit www.globalia.org/Tone-at-the-Top or call +1-407-937-1111 to order your complimentary subscription.

Reader Feedback
Send questions/comments to tone@theiia.org.

Content Advisory Council
With decades of senior management and corporate board experience, the following esteemed professionals provide direction on this publication’s content:

Martin M. Coyne II Nancy A. Eckl
Michele J. Hooper Kenton J. Sicchitano

Quick Poll Results:
A cyberattack is underway. How prepared is your organization to respond?

<table>
<thead>
<tr>
<th>Extremely Prepared</th>
<th>Very Prepared</th>
<th>Moderately Prepared</th>
<th>Slightly Prepared</th>
<th>Not at all Prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>24%</td>
<td>44%</td>
<td>19%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Does your organization have a quick-response team in place for damage control and remediation?

<table>
<thead>
<tr>
<th>YES</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>32%</td>
</tr>
<tr>
<td>DON’T KNOW</td>
<td>18%</td>
</tr>
</tbody>
</table>

Based on 336 respondents. Source: The Institute of Internal Auditors Tone at the Top November/December 2014 survey.

247 Maitland Ave.
Altamonte Springs, FL 32701-4201 USA