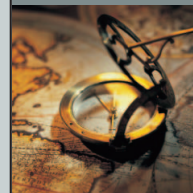


# Powerful Questions™ for Company Secretaries, directors and executives

By **Christo Norden-Powers**, Spandah Pty Ltd



Changes to governance and compliance requirements over the past decade have placed greater demands on boards and executives. One of the consequences of those changes is that the role of the Company Secretary is evolving from an administrative/compliance function to embrace a broader leadership and strategic role, and to play a crucial part in linking the board and management.

Company Secretaries are becoming more involved in developing the board's process, to enable the board to be more effective.

This evolution can be challenging and exciting, and requires Company Secretaries to develop an expanded skill set and a different way of thinking, influencing and communicating.

One of the key skills that highly effective Company Secretaries must possess, or develop, in order to carry out their roles, is the skill of asking the right questions.

Incredibly, as important as it is to be able to ask questions in business, business schools do not teach the skill of knowing when to ask a question and which question to ask, especially the skill of asking questions on non-technical issues, which form by far the majority of issues.

## Most 'at risk' business communication deals with subjective reality

The majority of written and verbal communications in business relates to facts, strategy, solutions, beliefs, opinions, assumptions, perceptions and interpretations. Many 'facts' are, in reality, beliefs, assumptions, opinions and interpretations wrapped in language that is designed to appear factual, but which is actually a representation of personal, subjective reality that often bears little resemblance to the actual facts.

Unfortunately, many decisions at all levels of management are based on that type of subjective 'fact', and result in financial loss for the company, job losses for employees and loss of share value,

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especially when those decisions are made at executive and board levels.

Many, if not most, of those losses could be avoided, if the right questions were asked.

One-Tel and National Australia Bank (NAB) are two recent Australian examples where the right questions might have made a significant difference. One-Tel disappeared; and NAB lost \$360 million, its principal executives and most of its board members as a result of its currency trading debacle. And, of course, HIH developed a culture (reflecting the leadership style) that strongly discouraged questioning what was done at the top, and finally imploded, impacting many thousands of families and businesses and almost bringing the residential building industry to its knees.

The lessons from those organisations and from the HIH Royal Commission seem to have been ignored by AWB and the Department of Foreign

Affairs and Trade. The risks associated with not asking the right questions is patently evident in the AWB Oil-For-Food inquiry. Those risks apply equally to business as to government organisations.

The pity of all this is that it is so easy to ask the right questions. They only take a few seconds to ask and can save a great deal of money, time and effort. Questioning skills are time- and cost-effective, and produce high return on investment.

Excellent questioning skills are essential for:

- proper risk management
- due diligence
- making informed decisions
- developing good strategies
- identifying defects in reports and proposals
- developing and refining solutions and opportunities
- managing the quality of information between executives and the board
- handling continuous disclosure responsibilities
- managing board committees
- ensuring compliance with governance standards
- engaging others in solutions and opportunities
- facilitating change
- negotiating
- influencing, and
- coaching.

### Why aren't the right questions asked more often?

Generally, questions are not asked because the opportunity and need for a question is not recognised by the person who ought to have asked the question. Typically, until directors, executives and managers learn how to recognise the language patterns that hide potential issues and avoid accountability and commitment, they miss most of the issues that warrant questions to clarify, verify, challenge and test facts or propositions.

There are a dozen or so patterns of language commonly used in business that demand questions. I can guarantee that those patterns, and the risks associated with not challenging them, are present at every board, executive and management meeting. The fact is that most business leaders are only vaguely aware (if at all) of those patterns, and how to challenge them. However, highly effective business leaders are very aware of those patterns, and know the questions that challenge or counter those patterns.

### Test yourself

Consider the following example:

At the time of writing, [global] trading operations continue to manage risk responsibly in changing

market conditions. Adherence to risk discipline is good.

On first reading, would you ask any questions? Or would you pass on to the next item on the agenda?

Look at the quote again. They are the sentences written in a report to the NAB's Risk Management Executive Committee in November 2003,<sup>1</sup> not long before the NAB discovered that its trading desk had lost \$360 million — roughly 10 per cent of the bank's annual profit.

There are at least eight elements of those two sentences that, individually (and in combination), might be of interest to a director or executive — patterns of language that can very easily and subtly slide your mind away from the key issues which, as a caretaker of the company's assets and brand/business, directors and executives must be vigilant in considering. Patterns that set alarm bells ringing. The bells don't mean that there is a problem, just that there may be a problem that needs clarification.

### One shot at asking a question

It is critical to be able to identify the language cues that flag potential problems at normal speech speed and in the midst of a lengthy conversation, or while reading a report or proposal at normal speed under the usual business time pressures. If you have to pause and think about which question to ask, you'll stand little chance during a normal conversation or whilst scanning documents.

### The value of an effective Company Secretary

Company Secretaries are ideally placed to ask the right questions. These days, they often have access to the board/chairman, the executive team, to meeting agendas and decision-making processes in a way that was not possible a couple of decades ago.

One Company Secretary, whom I've known for some years, takes the view that his duties include asking the questions that will assist the board and executive team to be properly informed so that they can make informed decisions. He considers that to be necessary to enable the board to comply with their legal duties, and also to ensure that the business is as effective and competitive as possible.

He works both behind the scenes and in meetings to effect that outcome, quietly and unobtrusively. For instance, if he spots a possible flaw, ambiguity or omission in board papers submitted for an agenda item, he may contact the author and ask questions that enable the defect to be corrected prior to a formal meeting; or chat with the chairman and highlight the issue if the

chairman has not spotted it. He doesn't play politics, is objective, even-handed and respectfully assertive. As a result, he has the respect of the company's leaders and has been instrumental in saving the company many millions of dollars, as well as making the board and executives' jobs easier.

There is a simple art to asking the right questions that make a real difference, every day, in every business. It is an art that has such impressive and immediate benefits that I call them *Powerful Questions™ that Every Director, Executive and Manager Must Ask*.

## Language and awareness

Language is a way of expressing the contents of our thoughts. The thought comes first, and is then translated into language that represents what we want to transfer to another person's mind.

By its nature, language is an imprecise representation of the vast scope of what we may hold in mind at any given moment, and because the mind works extraordinarily fast, and can move through many thoughts in a second, we often use generalised language to express a small portion of the richness in our minds.

But language does more than provide content for the mind to dwell on. It also reflects the process of consciousness dominant in the speaker, and triggers processes of consciousness in the listener. (I use 'speaker'/'writer' and 'listener'/'reader' interchangeably here, as the same principles apply to the written and the spoken word.)

The processes of consciousness are the principal means by which we influence others. In fact, you will not be able to influence another person through the use of language unless that language activates the processes of consciousness that enable the other person to form a thought in their mind that corresponds to what you want them to understand. Language is one of the tools by which we can activate the processes of consciousness.

Questions are a powerful means of influencing the processes of consciousness. They are also an excellent way to challenge the way that others may be attempting (deliberately or unintentionally) to shift your thoughts into a form that may not be of benefit to you.

The questions that I call *Powerful Questions™* are designed not only to generate a particular *content*, but more importantly, to shift processes of consciousness and obtain a more useful outcome.

For instance, when someone says the business has an insurmountable problem, their awareness is generally contracted, narrowly directed and narrowly focused on the issues and parameters of the problem. The term 'insurmountable problem'

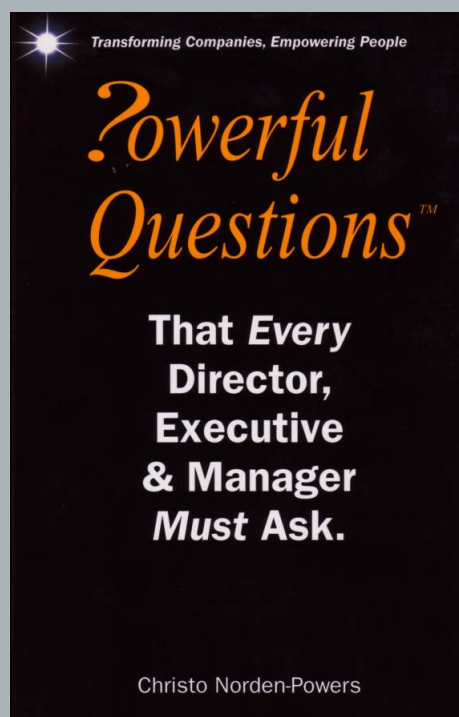
actually locks out solutions. The person will not be able to find a solution to the problem unless they are able to change the *processes* that underlie their thoughts on the matter — in other words, they must be able to expand, re-direct and re-focus their awareness and look beyond the limitations they have placed around the issue. If you simply ask 'How can we solve this?' they'll probably say 'We can't. We've thought of everything we can, but there's no way out'. After all, it's insurmountable. To them. Within their frame of reference.

As Einstein said, you can't solve a problem from within the same frame of reference in which it was created.

So you need a question that shifts the frame of thinking and re-directs and re-focuses awareness. That type of question is a *process*-driven question, not *content*-driven. The content is easy to locate if you have the right process built into the question.

A question such as 'Is it possible that there may be a way to do this that we haven't thought about yet?' requires the listener to expand beyond their current frame of thinking and to acknowledge other possibilities, other than the options that they've already considered. It is almost impossible to say 'No' to that question, as it is framed in global, non-specific language that, once engaged by the listener, expands and re-directs their awareness without having to take responsibility for the answer.

That question can be followed by 'If we could find another way, what do you think it might be?' or 'If there was another way, where do you think



we'd find the solution?' Both those questions re-direct and re-focus awareness and locate an answer to the problem.

### What are the processes of consciousness?

There are fourteen processes of consciousness that underlie every thought and action, in various combinations. Those most relevant to business include expanding, contracting, directing and focusing awareness. Those processes are ongoing, every moment of every day, in each of us. They are not mutually exclusive, and can occur in any combination and emphasis. They occur independently of the content of our thinking.

If we are engaged in developing a vision or a strategic plan, the ability to expand awareness is essential. Leaders must be able to relate to the 'big picture' and see the connections between many aspects of the business and the environment in which it operates. Those who have not learned to expand awareness fluidly often have difficulty when appointed to positions of leadership.

The ability to solve problems and perceive opportunities also requires an ability to expand awareness. The actual vision, the strategy, the solution and the opportunity are the 'content'. The *process* that underlies them all is expansion of awareness.

Questions that expand, contract, direct and focus awareness are extremely useful at board and executive level.

Language that has an expanding effect on awareness can also hijack the mind. Have a look again at the NAB quote. The quote is full of what I call fuzzy language ('trading operations', 'manage risk', 'responsibly', 'changing market conditions', 'adherence', 'risk disciplines', 'good'). Fuzzy language is non-specific global language that expands awareness. It can mean any number of different things, which is why it appeals to the listener, who can easily accommodate (assume) his/her own meaning within the language without asking a question. That is the cause of many misunderstandings and errors in business, costing many tens of millions of dollars in large organisations.

The first part of questioning skills is to notice what impact the language has on your own awareness. That will tell you immediately whether a question is needed. It is quite a simple skill to learn. Extensive use of either global or specific language or a sudden shift from specific to global language, or vice versa, usually indicate that a question would be useful.

In the NAB example, the opening phrase is 'At the time of writing...', which directs the mind to a specific (though unstated/expanded) moment

in time.

The second skill is to ask a question that shifts the process of awareness. When, specifically, was the report written? What date? The word 'continues' suggests an ongoing series of transactions. What was the situation prior to and since the report was written? Those questions contract, direct and focus attention to the facts rather than to a broad (fuzzy) interpretation of facts. Similarly with 'managing risk responsibly': What risks are we talking about? What is meant by 'responsibly'? How is the risk being managed?

Notice that the quote refers to how risk is being managed, but does not specify the risk exposure. 'What is our exposure?' would be a good question, followed by 'Show me'. Also, if adherence to risk discipline is only 'good', where is the risk discipline not being adhered to?

The language in a document or discussion will provide a clear guide as to which questions to ask, even if you know little about the background of the issue.

The advantage in knowing *Powerful Questions™* is that, if another party does not know how to expand, contract, direct or focus awareness, you can simply ask a question that does it for them. That is a very useful skill in meetings, negotiations, presentations and many other business communications. Part of the value of that questioning process is to ensure that you know what you need to know. The other part is to ensure that the person presenting information has thought matters through thoroughly. When you use the *Powerful Questions™* regularly, you build a culture of accountability, initiative and personal responsibility that delivers high quality information and proposals to the executive and board.

*Christo Norden-Powers is a former trial lawyer who, since 1985, has been consulting to corporations in Australia and the UK in relation to cultural change, governance and communication skills. He is the author of the book Powerful Questions™ That Every Director, Executive and Manager Must Ask, available from his website [www.spandah.net](http://www.spandah.net) or (02) 9983 9600.*

*CSA held a workshop on Powerful Questions™ in Sydney in February 2006 and will do so again in the second half of the year. There will be CSA workshops in Melbourne 10 May, Brisbane 19 July and in Perth and Adelaide on dates TBA.*

### Note

- 1 APRA Report on Irregular Currency Trading at NAB, March 2004 ●