LEAN COMPLIANCE

ELEVATING OUTCOMES USING COMPLIANCE PROGRAMS

ELEVATE COMPLIANCE WEBINARS

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DON'T FLY WITH ONLY ONE WING

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ABOUT LEAN COMPLIANCE

Lean Compliance –The Operational Compliance Experts: Our Mission is helping you deliver Total Value



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BIG IDEA

Compliance programs are the means to deliver total value

Programs Raise The Level of Your Systems



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BIG IDEA

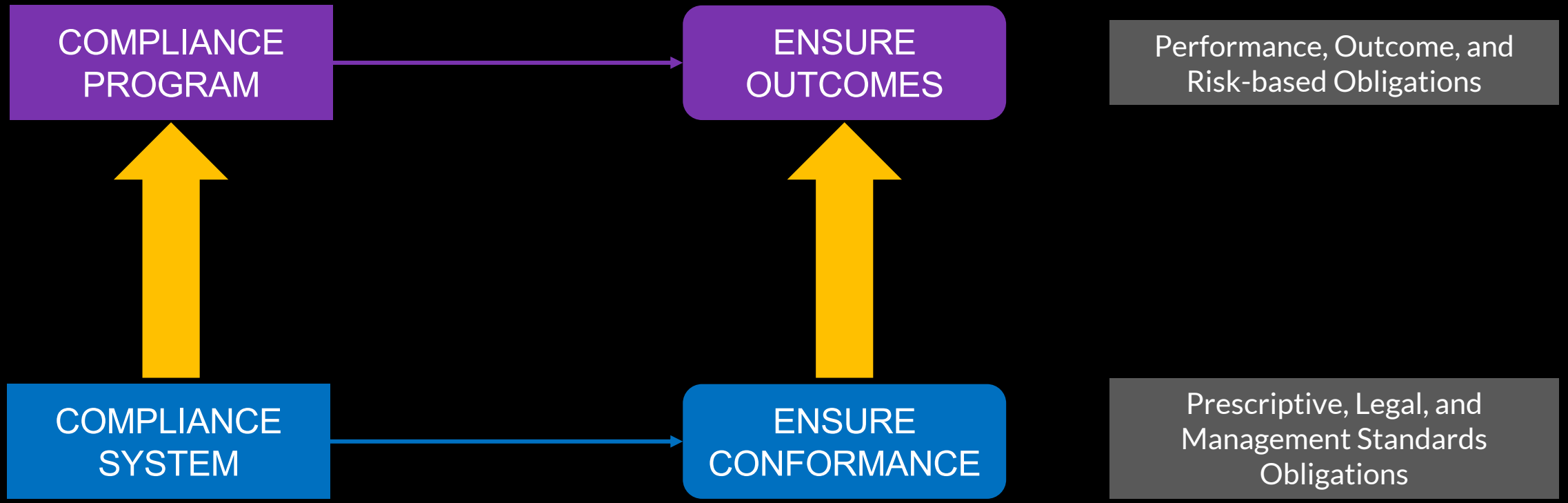
Compliance programs are the means to deliver total value



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BIG IDEA

Compliance programs are the means to deliver total value



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LEAN COMPLIANCE

OUTLINE

1. Organizational Outcomes
2. The Function of Compliance
3. Compliance Programs - Theory
4. Compliance Programs - Practice

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LEAN COMPLIANCE

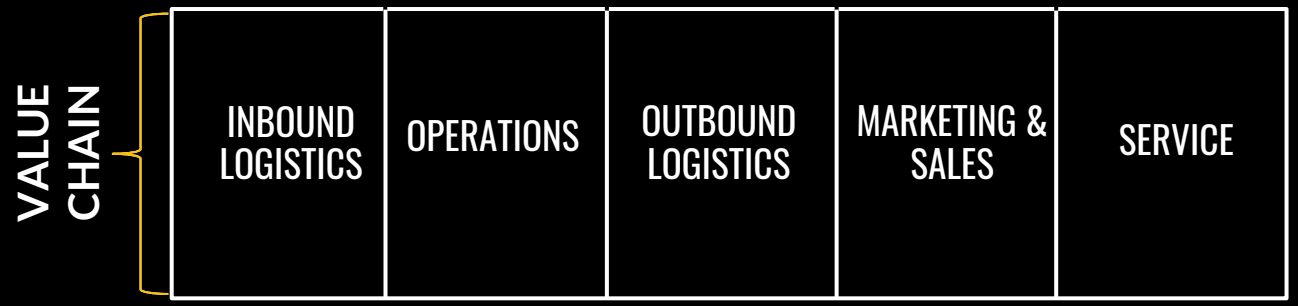
1. ORGANIZATIONAL OUTCOMES

What are they and how are they created?

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1. ORGANIZATIONAL OUTCOMES

Total Value Chain Analysis



TRANSFORMATION

OUTCOMES

VALUE

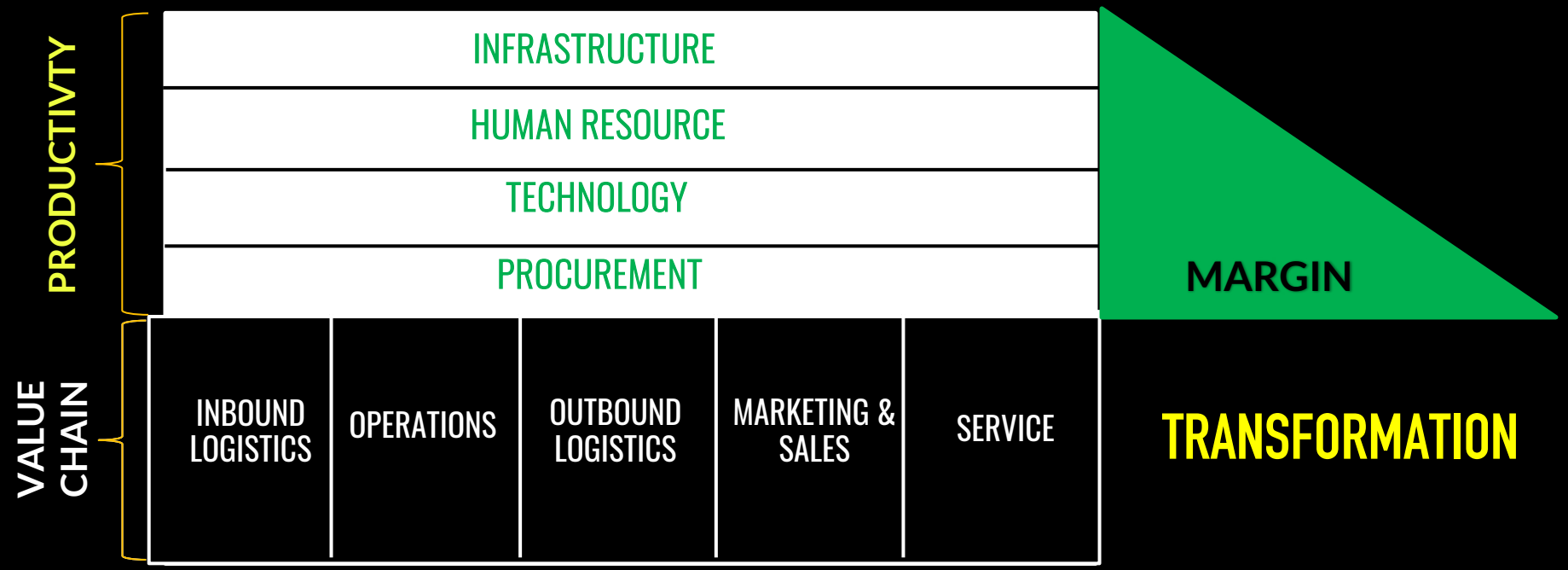
Value in the eyes of shareholders

† Adapted Value Chain Analysis

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1. ORGANIZATIONAL OUTCOMES

Productivity programs improve margins



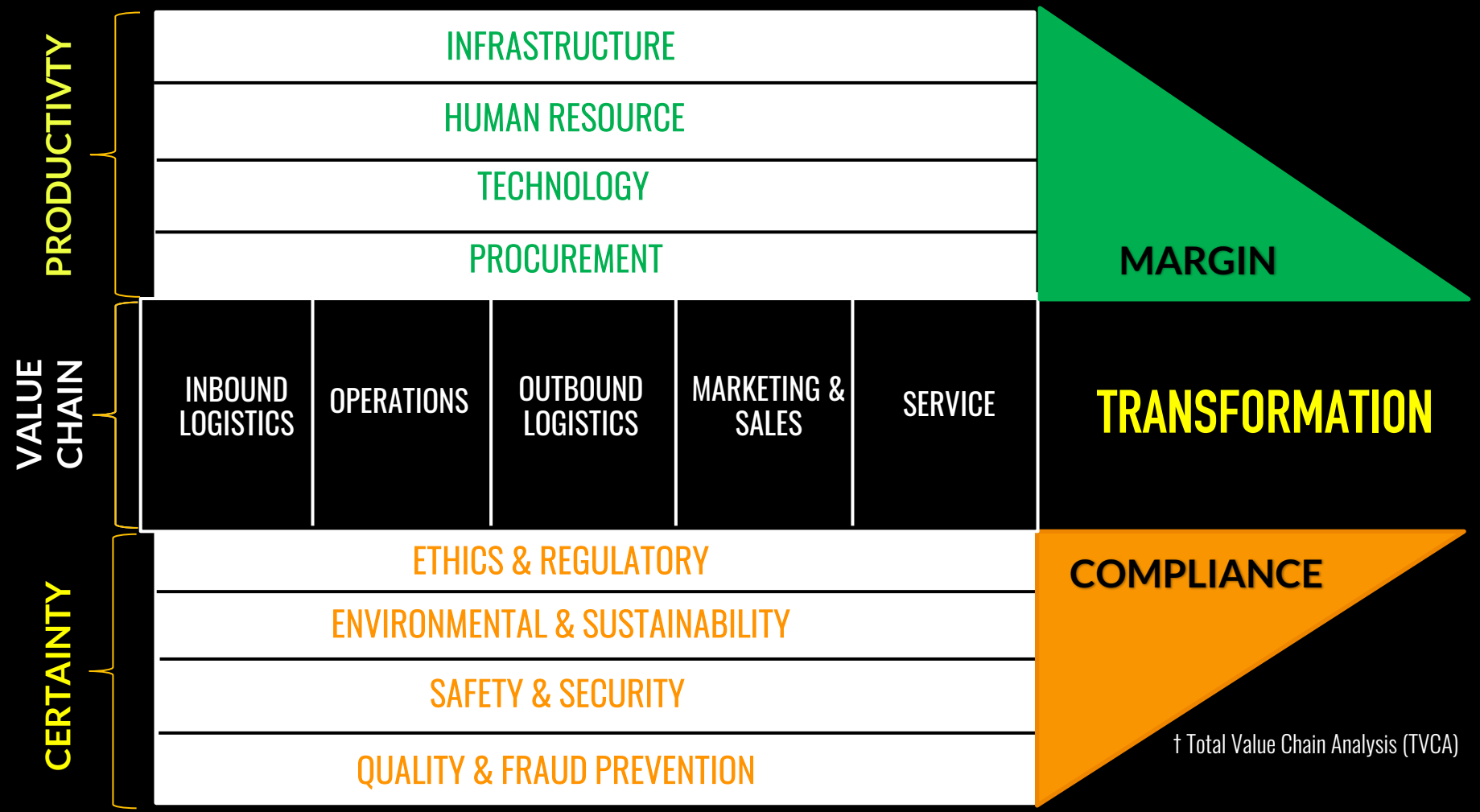
Value in the eyes of shareholders

† Adapted Value Chain Analysis

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1. ORGANIZATIONAL OUTCOMES

Certainty programs improve meeting all your obligations (i.e.; definition of compliance).



† Total Value Chain Analysis (TVCA)

OUTCOMES

Sustainability
Reputation
Security
Integrity
Quality
Safety
Trust

Value in the eyes of all stakeholders

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CHECKPOINT #1

What protects and ensures total value creation?

1. Value Chain
2. Productivity Programs
3. Certainty Programs
4. All of the above
5. None of the above

Answer:

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2. THE FUNCTION OF COMPLIANCE

What does compliance do and how does it work?

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2. THE FUNCTION OF COMPLIANCE

Why do cars have brakes?



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2. THE FUNCTION OF COMPLIANCE

To be effective at compliance you need to be effective at regulation

Speed Limit = 110 km/h



Obligation

Speed = Variable



Thing to be Regulated

|Speed – Speed Limit |< 10 km/h

Promise

- *The need for compliance is created by the existence of an obligation – a standard*
- *Meeting the obligation usually requires regulating something*
- *The function of regulation fulfills the promise (commitment) to meet the obligation*

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2. THE FUNCTION OF COMPLIANCE

External regulation helps meet external obligations but is limited

External Obligation







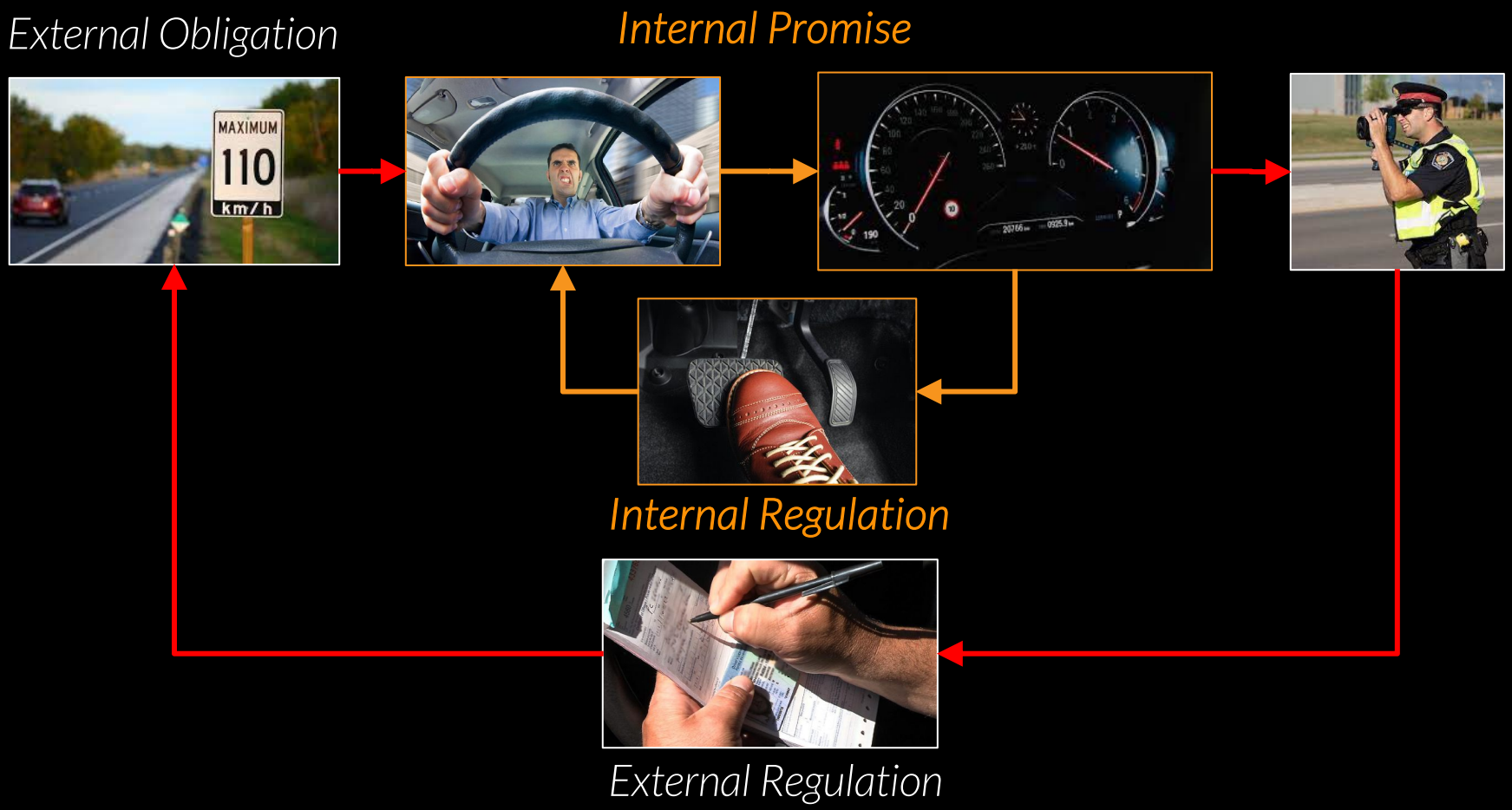


External Regulation

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2. THE FUNCTION OF COMPLIANCE

Internal regulation is more effective

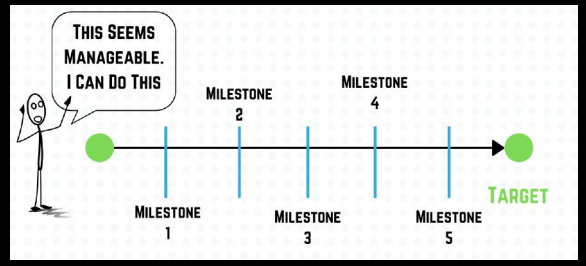


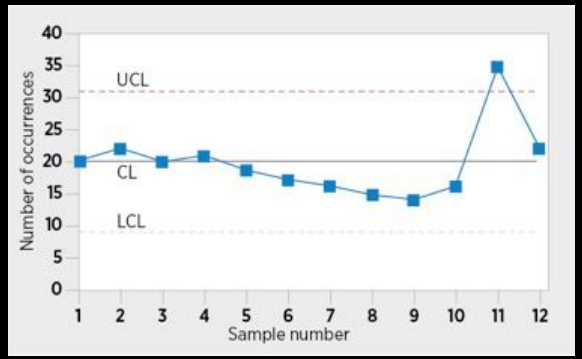
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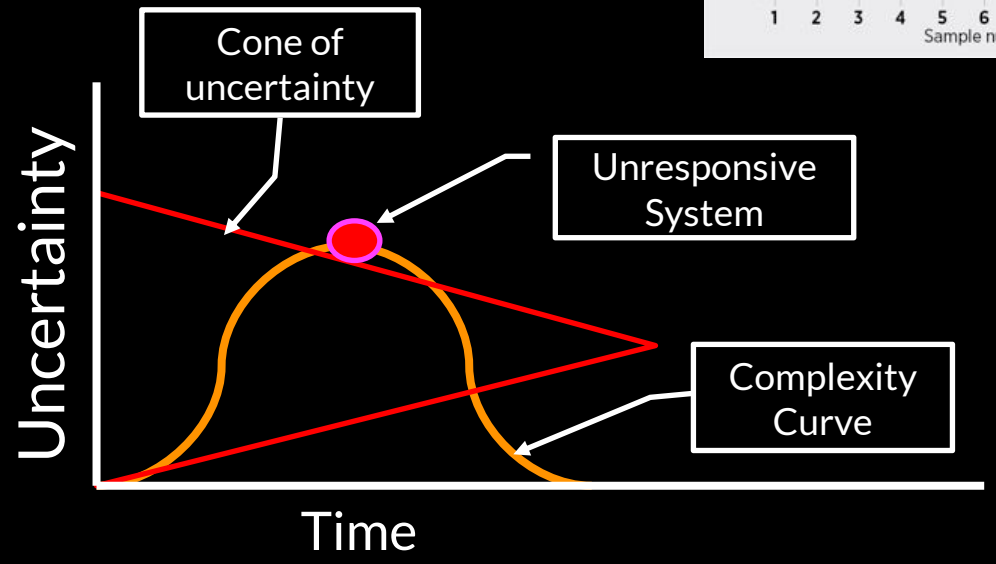
2. THE FUNCTION OF COMPLIANCE

To be effective at compliance you need to be effective at regulation

- *Regulate work to achieve a goal*
- *Regulate **performance** to achieve a target*
- *Regulate **outputs** to advance outcomes*
- *Regulate **processes** to reduce waste (variability)*
- *Regulate **risk** to minimize harm*
- *Regulate **behaviors** to reduce non-conformance*
- *Regulate **systems** to deliver value*







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2. THE FUNCTION OF COMPLIANCE

We have many kinds of obligations requiring different kinds of regulation

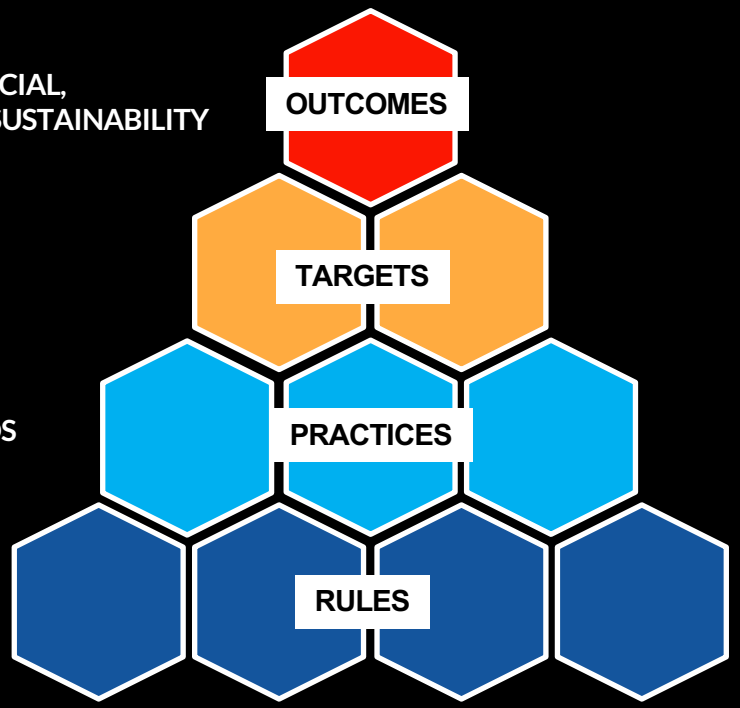
ACCEPTING STAKEHOLDER RESPONSIBLITY

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG), SUSTAINABILITY

VISION ZERO

INDUSTRY STANDARDS

REGULATIONS



Stakeholder Expectations, Duties & Liabilities

Zero Defects, Zero Violations, Zero Incidents, Zero Breaches, Zero Emissions, Etc.

ISO 14000, 37301, 45001, 31000, 9001

Legislation, Acts, Licenses, Permits, Orders, Contracts

ACCEPTING LEGAL RESPONSIBLITY

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CHECKPOINT #2

What is the function of compliance?

1. Pass an audit
2. Protect and ensure value creation
3. Avoid fines
4. Adhere to procedures and rules
5. All the above

Answer:

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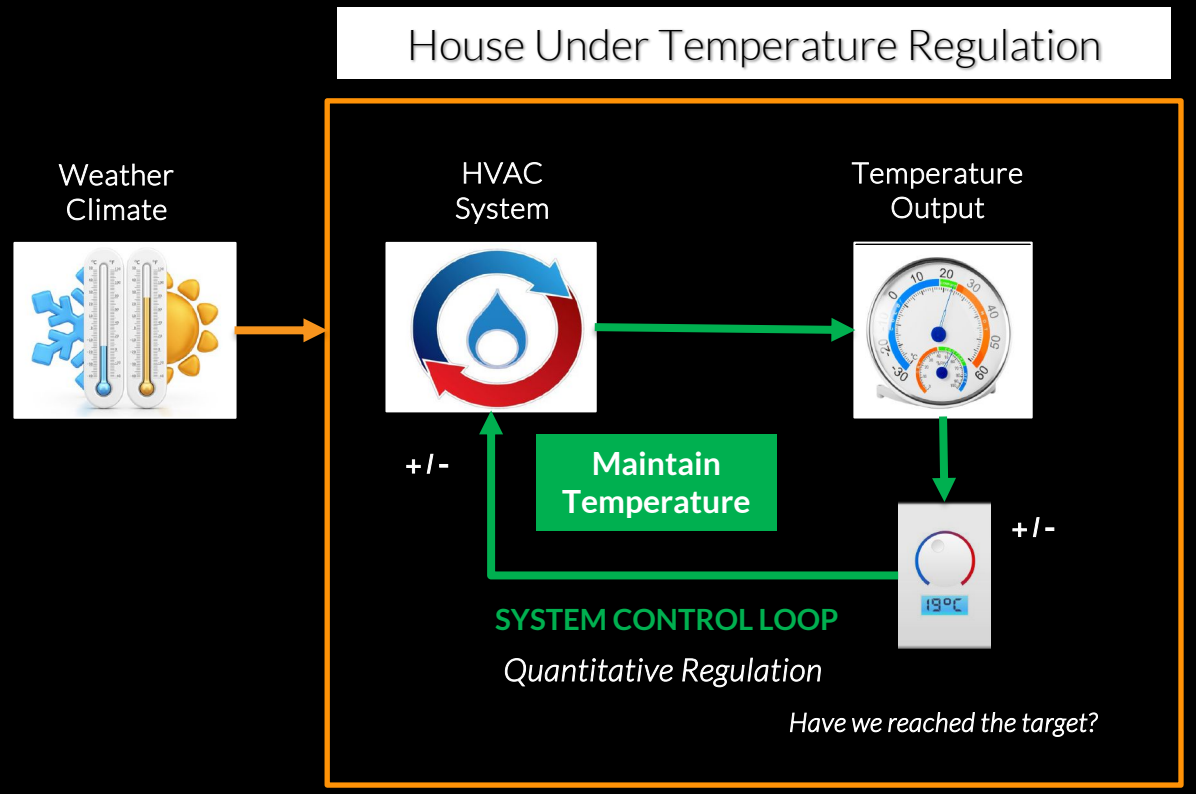
3. COMPLIANCE PROGRAMS - THEORY

The difference between management programs and systems

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3. COMPLIANCE PROGRAMS -THEORY

Systems maintain state



Systems work

to

meet objectives

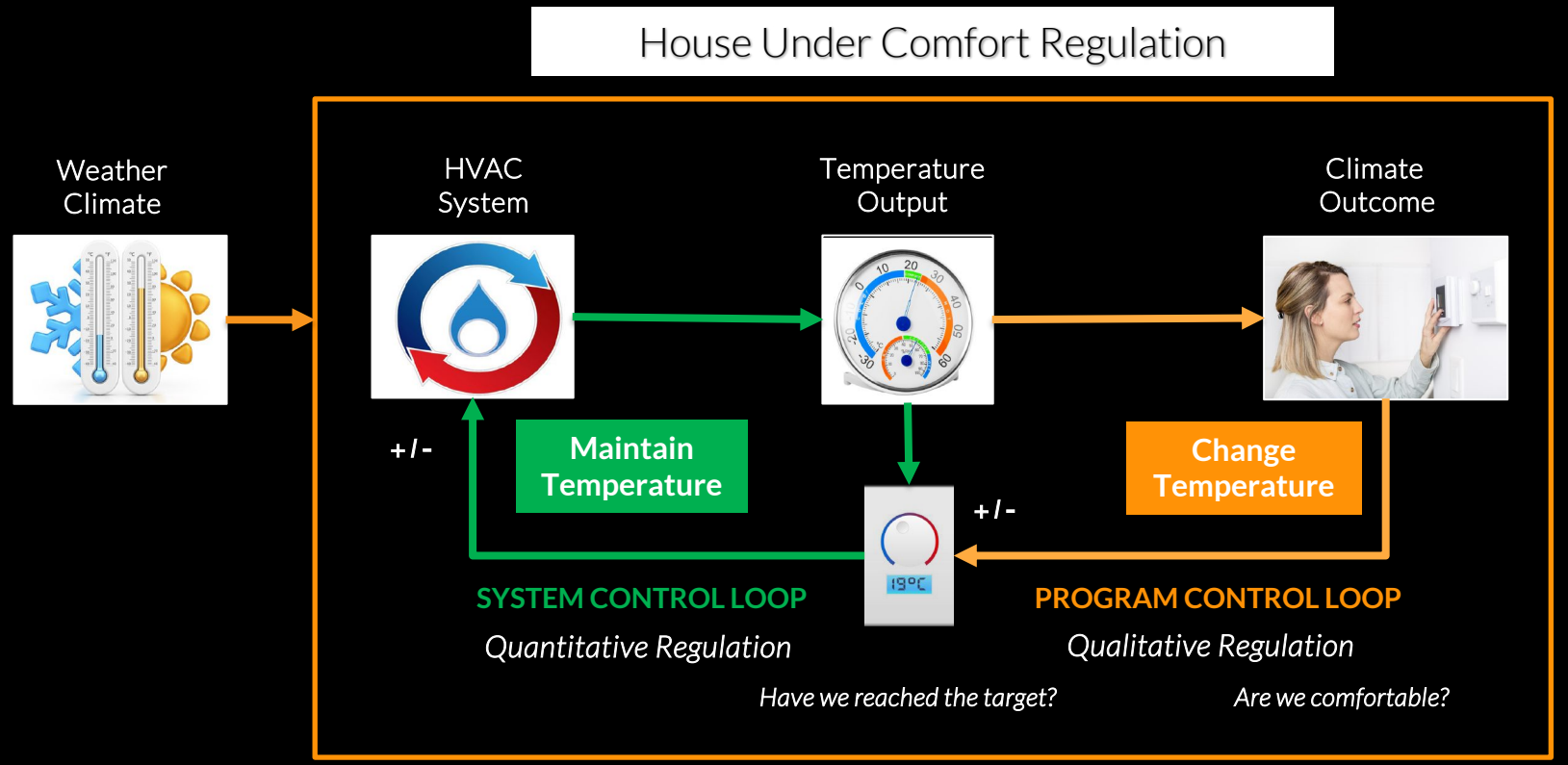
but do not

guarantee outcomes

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3. COMPLIANCE PROGRAMS -THEORY

Programs change state

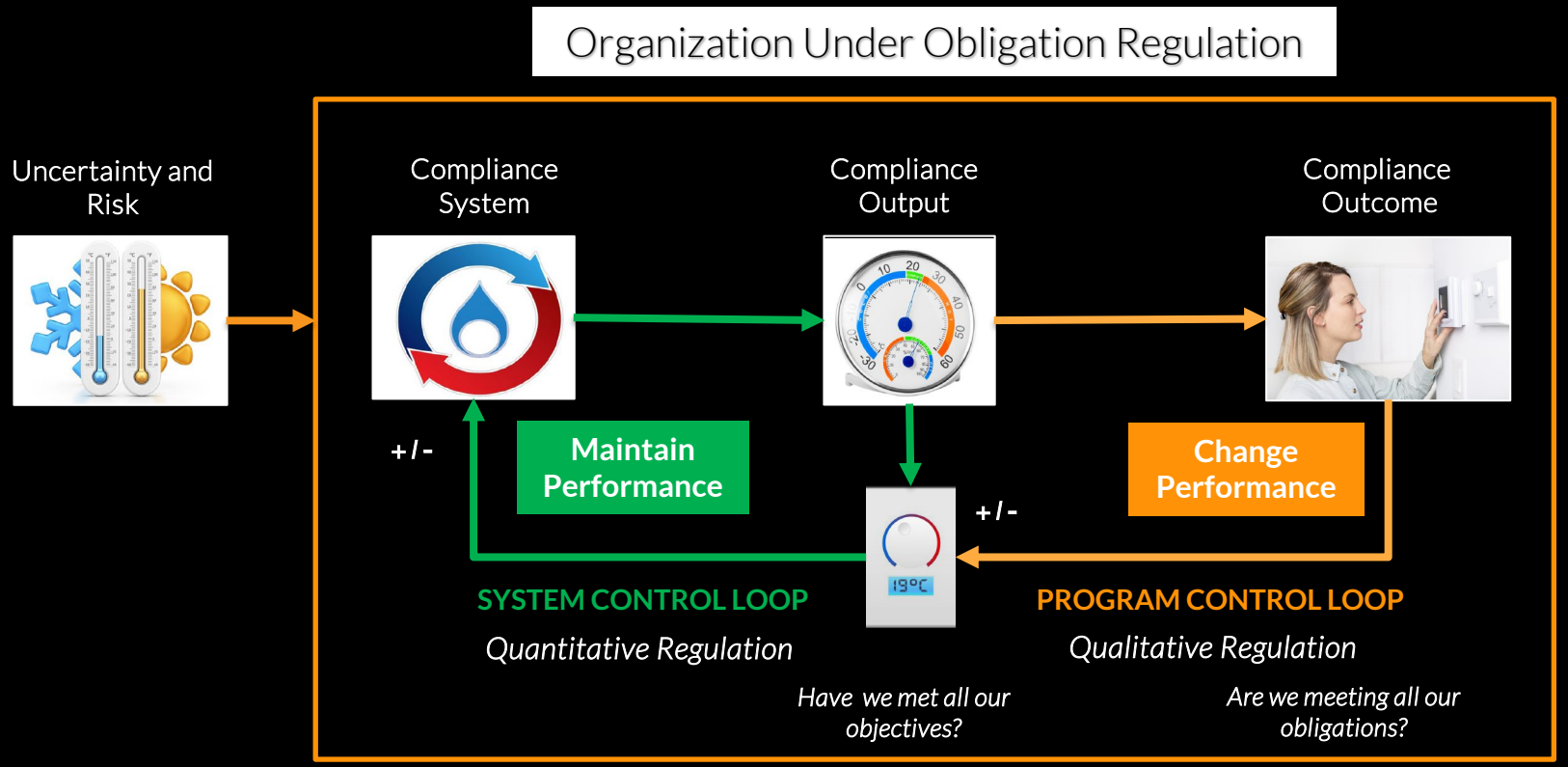


Programs work to ensure desired outcomes

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3. COMPLIANCE PROGRAMS -THEORY

Programs are the means that governance uses to steer operational systems to achieve operational outcomes

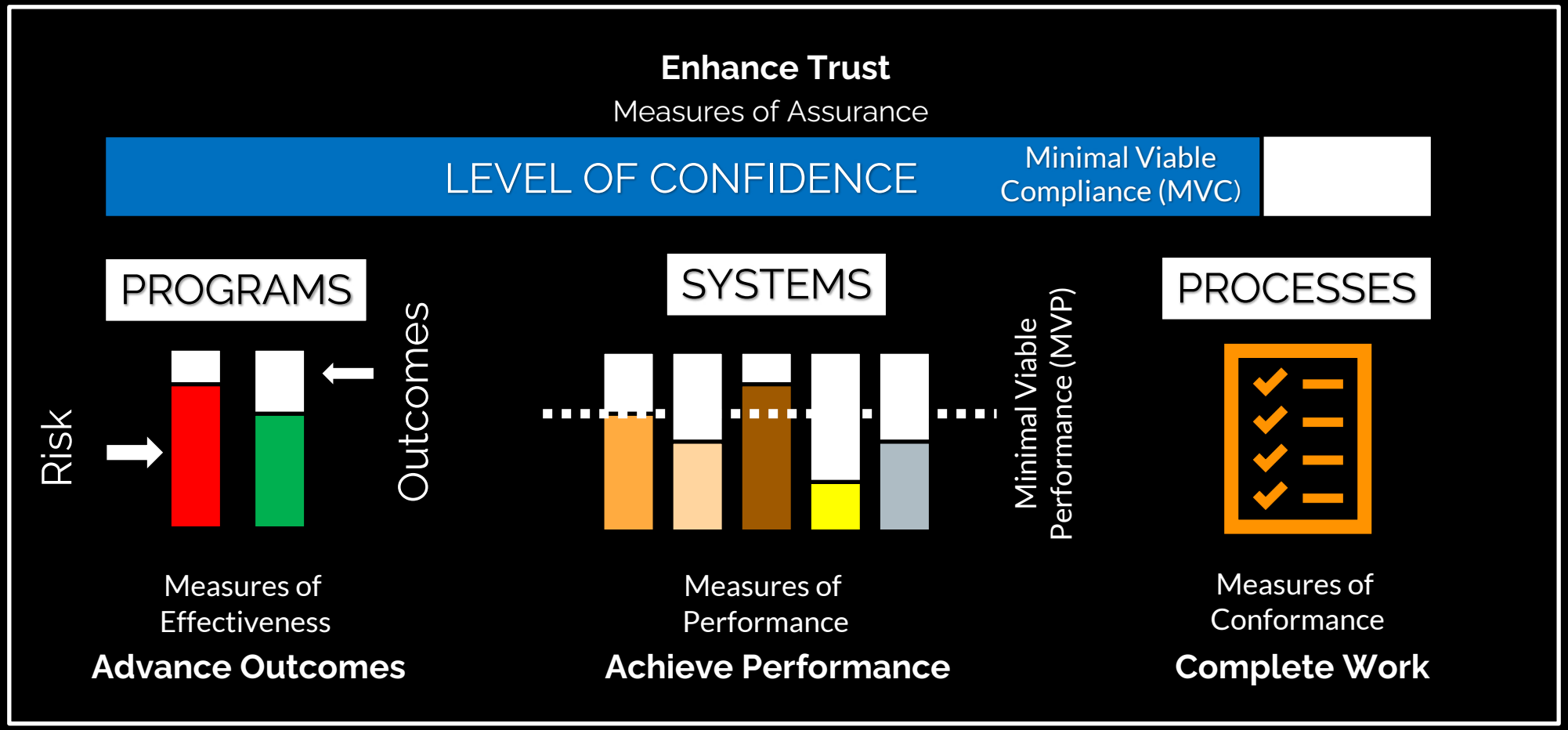


Cybernetics *– derived from the Greek word "governance" or "to steer".*

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3. COMPLIANCE PROGRAMS -THEORY

Programs, systems, and processes work together to provide assurance



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CHECKPOINT #3

In what ways are compliance programs different from compliance systems?

1. Programs deliver outcomes
2. Programs regulate systems
3. Programs bridge the gap between organizational values and operational objectives.
4. Programs introduce change
5. All of the above

Answer:

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4. COMPLIANCE PROGRAMS - PRACTICE

How do compliance programs work in practice

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4. COMPLIANCE PROGRAMS - PRACTICE

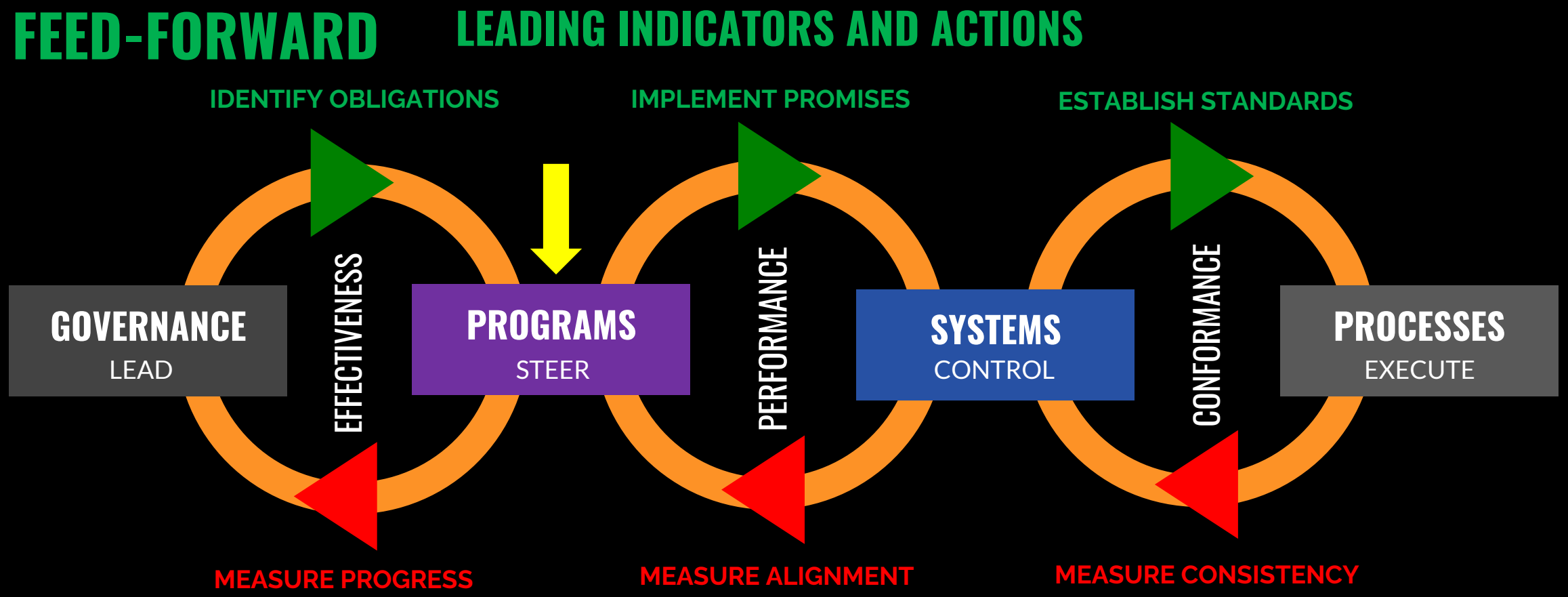
Example: The Better Health Program

OBLIGATIONS	PROMISES	PROGRAM	SYSTEM
OBLIGATIONS (what) • Ensure personal health (Voluntary, Internal, Outcome	PROMISES / COMMITMENTS (how) • Reduce weight by 20lb by end of 2024.	PROGRAM OBJECTIVES • "Better Health Program" • Reduce weight by 20lb by end of 2024 • Qualitative increase in energy level • Measure and track progress of each objective • Meet with accountability partner each month	SYSTEM OBJECTIVES • "Walk Management System" • Walk safely 30 minutes each day • Measure and track gain/loss • Evaluate performance
CONTEXT (why) • Personal responsibility • Triggered by health incident • Want to live a better life	STRATEGY / PLAN (means) • Walk each day to reduce weight	CAPABILITIES • Able to walk • Able to measure weight and energy levels • Able to record and track progress • Able to control regulate performance	PROCESSES • Daily walk process • Measure weight every week • Evaluate deviation from standard • Implement correct actions
MEASURES OF SUCCESS • More energy to do what really matters.	MEASURES OF ASSURANCE (confidence) • Consistently reducing weight • Evidence of increasing energy level	MEASURES OF EFFECTIVENESS • Energy level improving each month	MEASURES OF PERFORMANCE • Reduce weight by 5lb every three months
OBLIGATION RISK • Miss out on the important things in life.	PROMISE RISK • Losing weight may not be effective at increasing energy	PROGRAM RISK • Program may not create better health.	SYSTEM RISK • may not provide consistency needed to meet objectives.

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4. COMPLIANCE PROGRAMS - PRACTICE

Operational Compliance Model



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4. COMPLIANCE PROGRAMS - PRACTICE

Properties of the Operational Compliance Model

PROPERTIES	GOVERNANCE	PROGRAMS	SYSTEMS	PROCESSES
OWNER	*Top Management / Steering Committee*	*Managing Director*	*Systems / Functional Manager*	*Supervisor / Team Lead*
TASK COMPLEXITY	*Oversee Complex Systems*	*Multiple Paths / Parallel*	*Alternate / Sequential*	*Situational / Diagnostic*
FUNCTION	*Accountable / Advisory*	*Translate Strategy to Operations*	*Operational Excellence*	*Day to Day Oversight*
TIME HORIZON	*Long Term*	*Multiple years*	*Month to years*	*Days to Months*
PURPOSE	*Lead*	*Steer*	*Control*	*Execute*
FUNCTION	*Identify Obligations*	*Implement Promises*	*Establish Standards*	*Conduct Work*
PRESCRIBES	*Outcomes, Goals, & Targets*	*Capabilities*	*Standard of Work*	*Sequence of Work*
OBJECTIVE	*Assurance*	*Effectiveness*	*Performance*	*Conformance*
VALUE CREATED	*Realize benefits*	*Stay ahead of risk*	*Stay between the lines*	*Stay out of trouble*
DRIVER	*Introduce Requirements*	*Introduce Change*	*Resist Change (variation)*	*Follow Plan*
CHANGE MECHANISM	*Operational Programs*	*Change Management*	*Management of Change (MOC)*	*Continuous Improvement*
CHANGE METHODOLOGY	*Program Development*	*Policy Deployment / Hoshin Kanri*	*Policy Deployment / Catchball*	*Lean PDCA, Six Sigma*
ASSURANCE	*Audit (realized benefits)*	*Validation (of desired outcomes)*	*Verification (works as designed)*	*Qualification (fit for intended use)*
BEHAVIOR	*Proactive*	*Proactive*	*Reactive*	*Reactive*

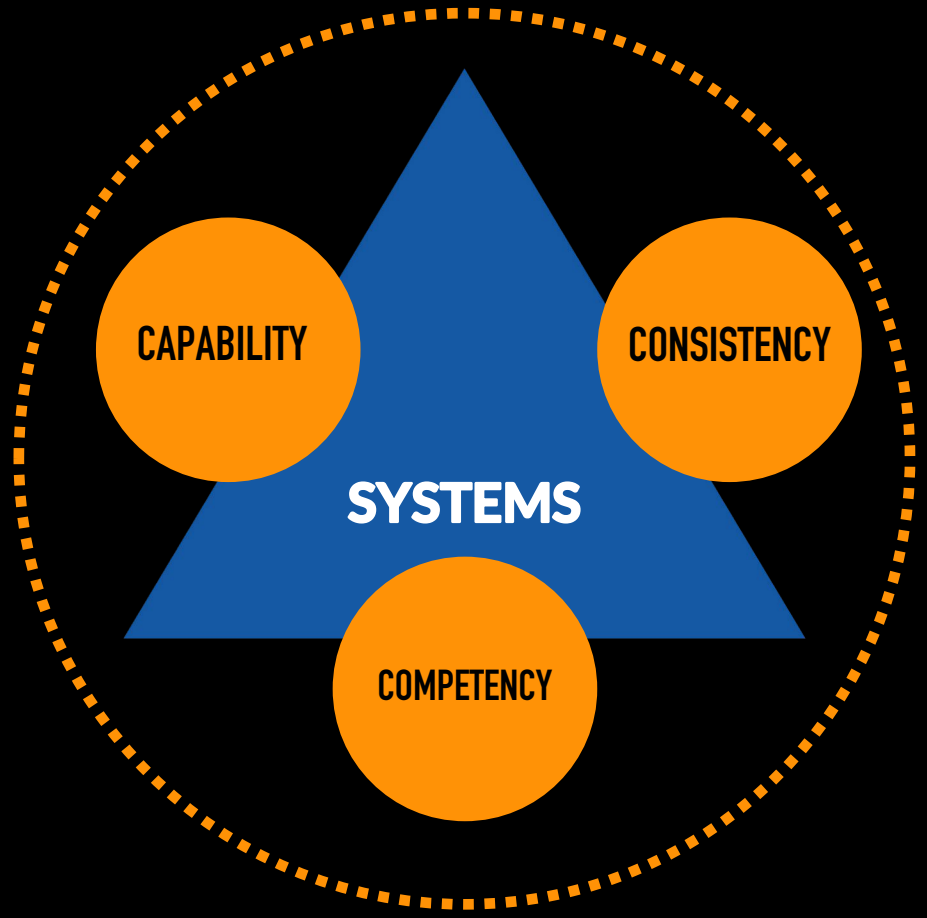
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4. COMPLIANCE PROGRAMS - PRACTICE

What programs and systems must provide – two essential rings



OUTCOMES

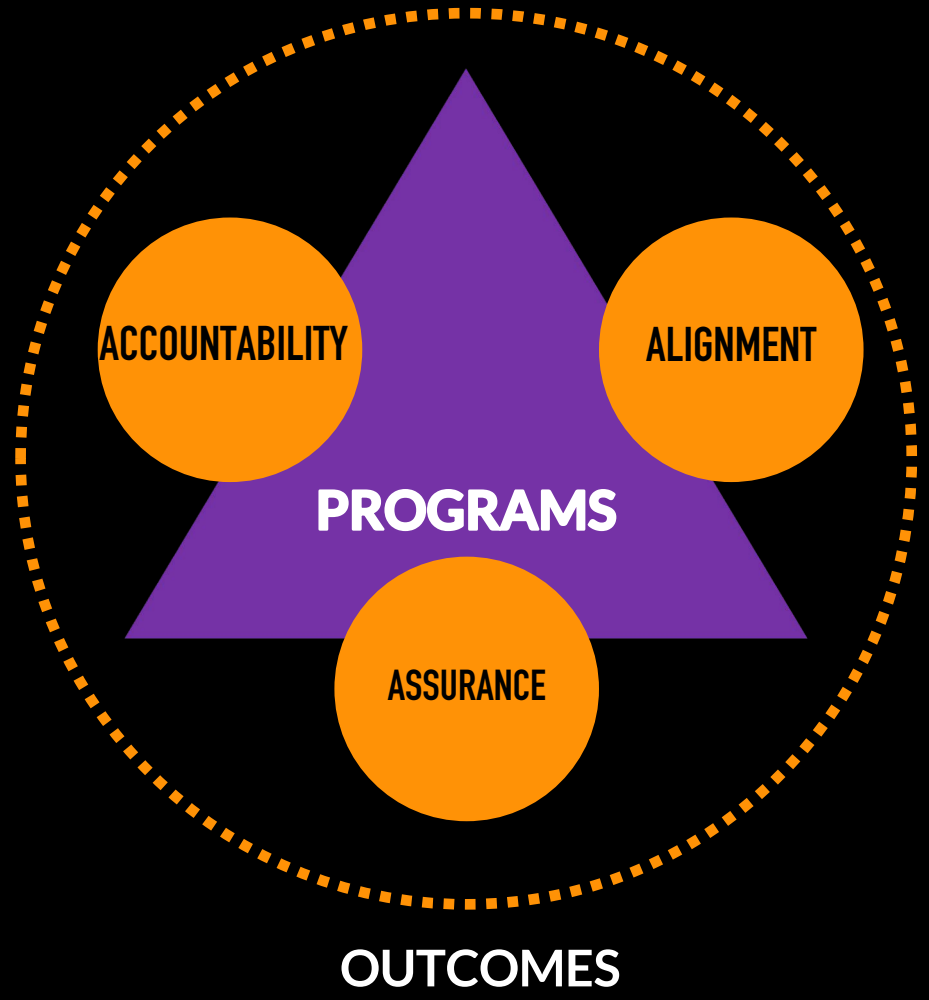


OUTPUTS

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4. COMPLIANCE PROGRAMS - PRACTICE

What programs and systems must provide – two essential rings



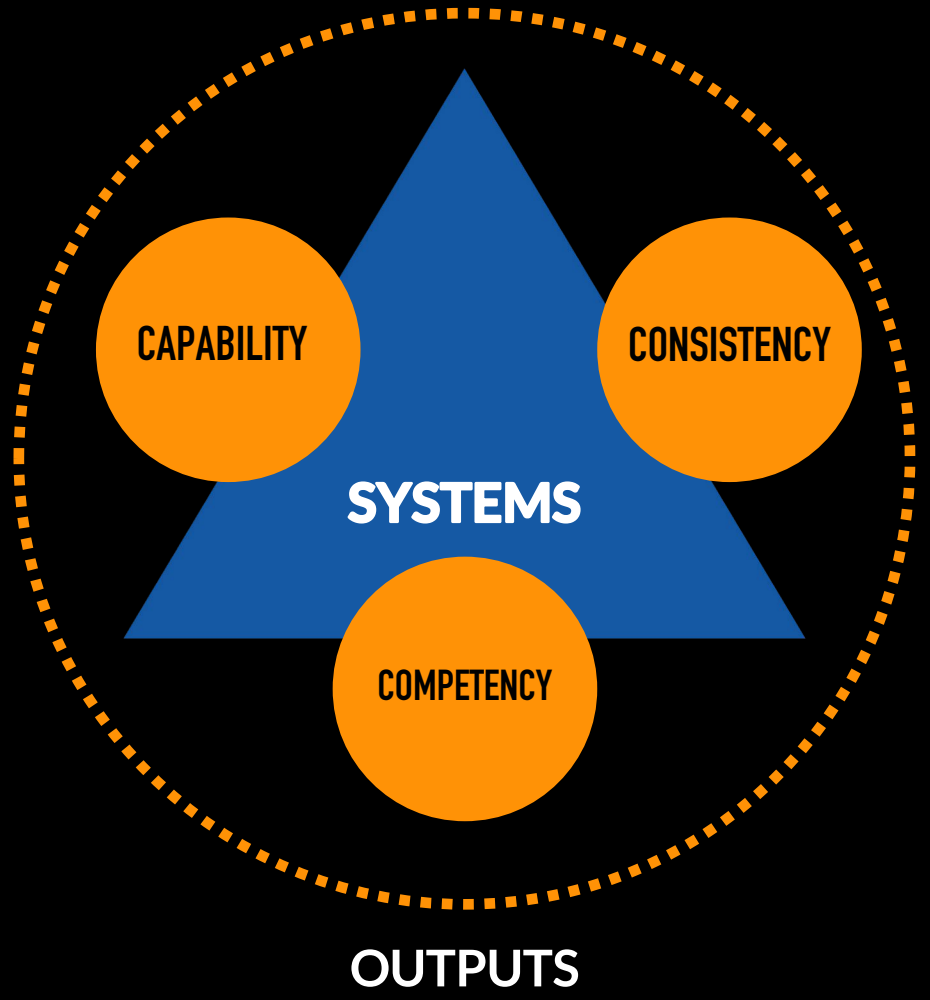
- **Accountability:** Through the negotiation and design, clear responsibilities are assigned, leaving no room for ambiguity. This enhances accountability at all levels of the organization.
- **Alignment:** The process aligns every individual and team with the organization's policies and objectives, creating a shared sense of purpose.
- **Assurance:** By monitoring both quantitative and qualitative aspects, the organization gains assurance that it is not only following standard practice it is also meeting its targets and advancing compliance outcomes.

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4. COMPLIANCE PROGRAMS - PRACTICE

What programs and systems must provide – two essential rings

- **Capability**: the potential of a system to perform a specific function. It's about what the system is designed to do. Think of it as the range of actions a system can take.
- **Consistency**: the system's ability to perform its functions in a predictable and reliable manner. Consistency ensures the system operates the same way every time, regardless of user input or external conditions (within reasonable boundaries)
- **Competency**: the effectiveness of a system in performing its capabilities within its capacity. It's about how well the system actually does what it's designed to do.



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4. COMPLIANCE PROGRAMS - PRACTICE

Do you already have a program?

MANAGEMENT PROGRAMS

DOJ Corporate Compliance
ISO 37301 (CMS)
CSA Z662 (Pipeline Safety)
RP 1173(Pipeline Safety)

MANAGEMENT SYSTEMS

ISO 9001 (QMS)
ISO 14001 (EMS)
ISO 31000 (RMS)
OSHA 1910 (Safety)

PROACTIVE / INTEGRATIVE THINKING

PERFORMANCE BASED → OUTCOME BASED

HOW DO I IMPROVE? HOW DO I ENSURE OUTCOMES?

ANTICIPATING / LEADING ACTIONS

REACTIVE / REDUCTIVE THINKING

RULES BASED → STANDARDS BASED

WHAT MUST I DO? WHAT SHOULD I DO?

WAITING / LAGGING ACTIONS

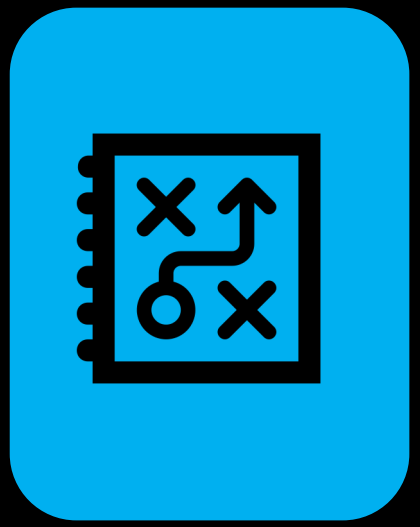
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4. COMPLIANCE PROGRAMS - PRACTICE

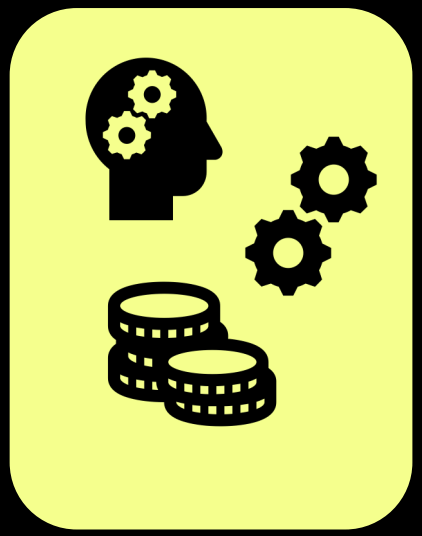
A credible program needs a credible plan – Five Principles of Program Success



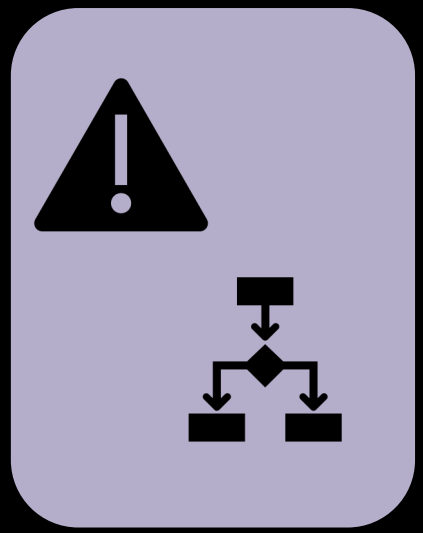
1. What are the outcomes of your program?



2. What is your strategy to achieve those outcomes?



3. What do you need to follow your strategy?



4. What obstacles and opportunities need to be handled?



5. How will you measure your progress?

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4. COMPLIANCE PROGRAMS - PRACTICE

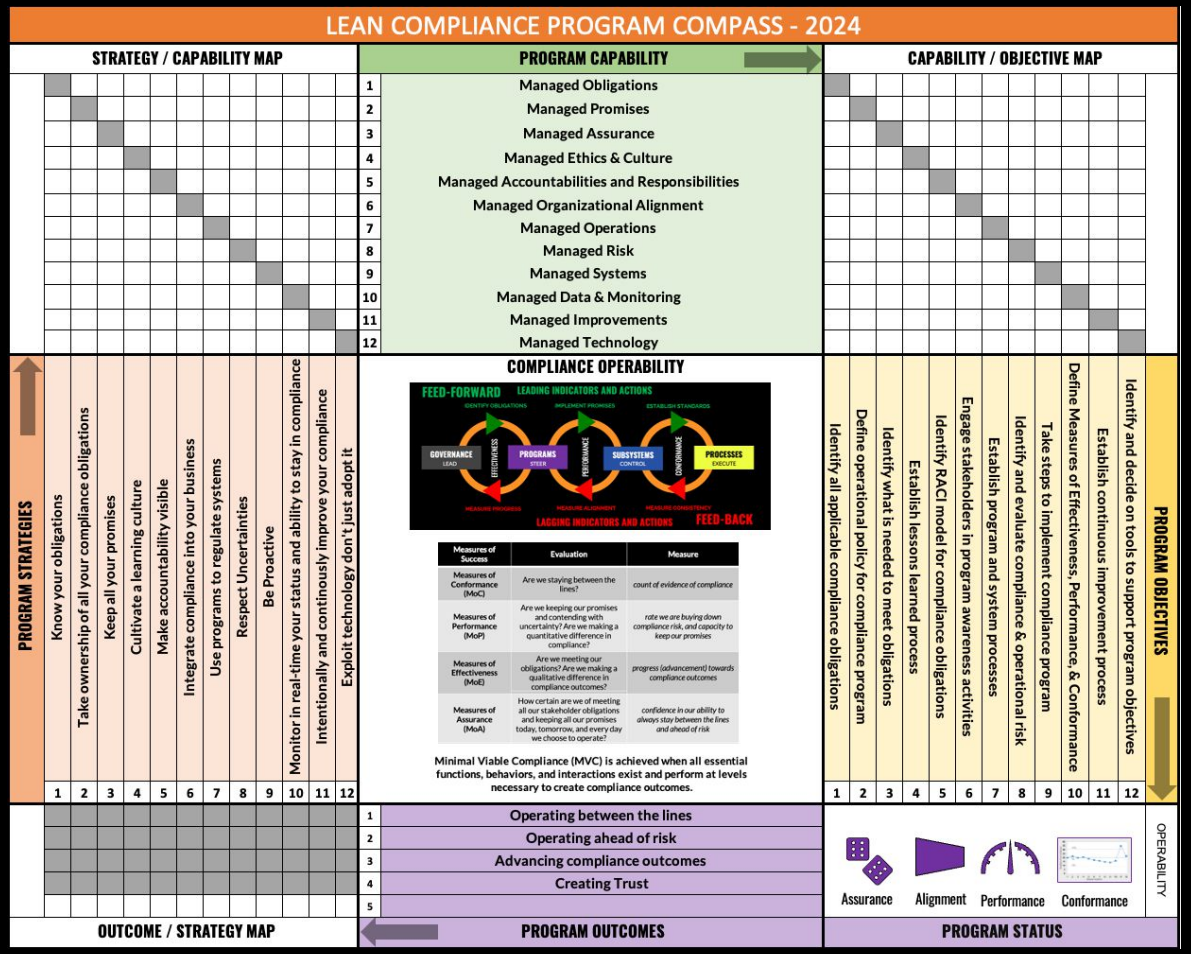
How to Evaluate your Compliance Program

MEASURES OF SUCCESS	EVALUATION	MEASURE
Measure of Conformance (MoC)	Are we staying between the lines?	Count of evidence of compliance
Measure of Performance (MoP)	Are we keeping our promises and buying down risk? Are we making a quantitative difference in compliance?	Rate of buying down compliance risk, and capacity to keep promises
Measure of Effectiveness (MoE)	Are we meeting our obligations? Are we making a qualitative difference in compliance?	Progress (advancement) towards compliance outcomes
Measure of Assurance (MoA)	How certain are we of meeting all our obligations and keeping all our promises today, tomorrow, and every day we choose to operate?	Confidence in ability to always stay between the lines and ahead of risk

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4. COMPLIANCE PROGRAMS - PRACTICE

Lean Compliance Program Compass – Staying Between the Lines and Ahead of Risk



1. Outcomes
2. Strategy
3. Capabilities
4. Objectives

https://www.leancompliance.ca/compliance-resources-1/lean-compliance-program-compass-(x-matrix)---2024

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CHECKPOINT #4

Why do you need a compliance program?

1. To support performance and outcome-based obligations
2. To operationalize obligations across the organization
3. To provide needed levels of accountability, alignment and assurance
4. To always stay between the lines and ahead of risk
5. All of the above

Answer:

BIG IDEA

Compliance programs are the means to deliver total value

Programs Raise The Level of Your Systems



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Q&A



Thank You!