LEAN COMPLIANCE

ELEVATE COMPLIANCE USING LEAN TCM

ELEVATE COMPLIANCE WEBINARS

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TOTAL COMPLIANCE MANAGEMENT

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LEAN COMPLIANCE

Our mission is to ensure your mission success through compliance



- Our mission is to ensure your mission success through compliance.
- We work with forward-looking, ethical organizations who take their obligations seriously and strive to continually raise their standards.
- We specialize in Operational Compliance; compliance that works and delivers benefits.
- We introduce proactive and integrative strategies to elevate compliance above reactive cycles that hold organizations back from compliance success.
- We help eliminate waste introduced by not meeting your obligations or keeping your promises.
- We help compliance be more than the sum of its parts.

Safety, Security, Sustainability, Quality, Regulatory, Ethics, AI Compliance, and More.

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THE BIG IDEA

Compliance is mostly managed as parts not as a whole

Safety, Security, Sustainability, Quality, Regulatory, Ethics, AI Compliance, Etc.

What we have now



Assortment of separate parts, some working, some not, and most not working together as a whole.

What we need



All essential compliance parts working together as a whole to create the outcome of compliance.

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THE BIG IDEA

We need more than just parts management, we need TCM

Safety, Security, Sustainability, Quality, Regulatory, Ethics, AI Compliance, Etc.

What we have now



Assortment of separate parts, some working, some not, and most not working together as a whole.

TOTAL COMPLIANCE MANAGEMENT

What we need



All essential compliance parts working together as a whole to create the outcome of compliance.

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THE BIG IDEA

To achieve compliance success, we need to look up



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TOTAL
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OUTLINE

1. The Problem with Compliance
2. Lessons from Quality
3. Lean TCM

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TOTAL
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1. THE PROBLEM WITH COMPLIANCE

Before we explore solutions, we need to see the problem

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THE PROBLEM WITH COMPLIANCE

In the world of compliance, managed as parts, the problems are hard to see



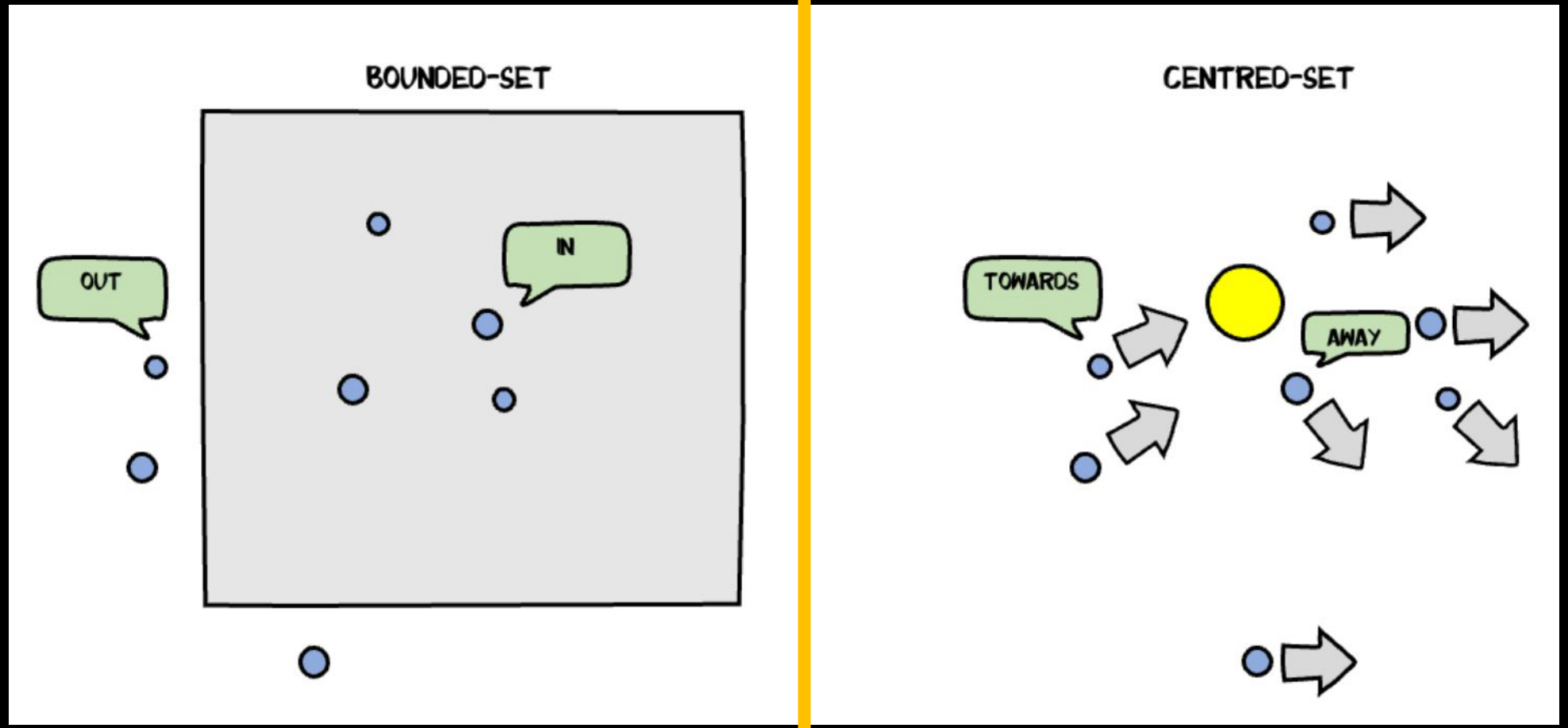
"It isn't that they can't see the solution. It is that they can't see the problem and a viable business model to deliver that solution for that problem".

– GK Chesterton

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THE PROBLEM WITH COMPLIANCE

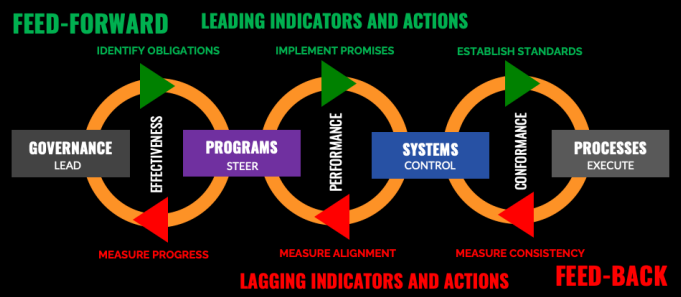
Compliance is stuck in a box



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THE PROBLEM WITH COMPLIANCE

Compliance is stuck in the past with a paper-based model





COMPLIANCE 2 (Operational)

COMPLIANCE 1 (Procedural)

COMPLIANCE 0 (Undefined)



OBLIGATION HIERARCHY OF NEEDS

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THE PROBLEM WITH COMPLIANCE

Compliance has an outdated goal



PASS AUDIT



MEET OBLIGATIONS

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LEAN COMPLIANCE

THE PROBLEM WITH COMPLIANCE

Compliance operates behind an organizational barrier

UPPER MANAGEMENT



Accountable



Programs



Obligations



Ends



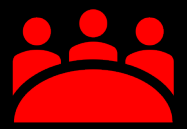
Benefits



Vision



Responsible



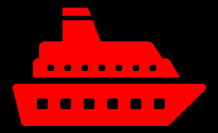
Systems



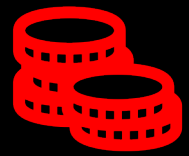
Promises



Means



Cost



Mission



LOWER MANAGEMENT

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THE PROBLEM WITH COMPLIANCE

Compliance risk is managed only in registers



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THE PROBLEM WITH COMPLIANCE

Compliance is operating at the edge of uncertainty









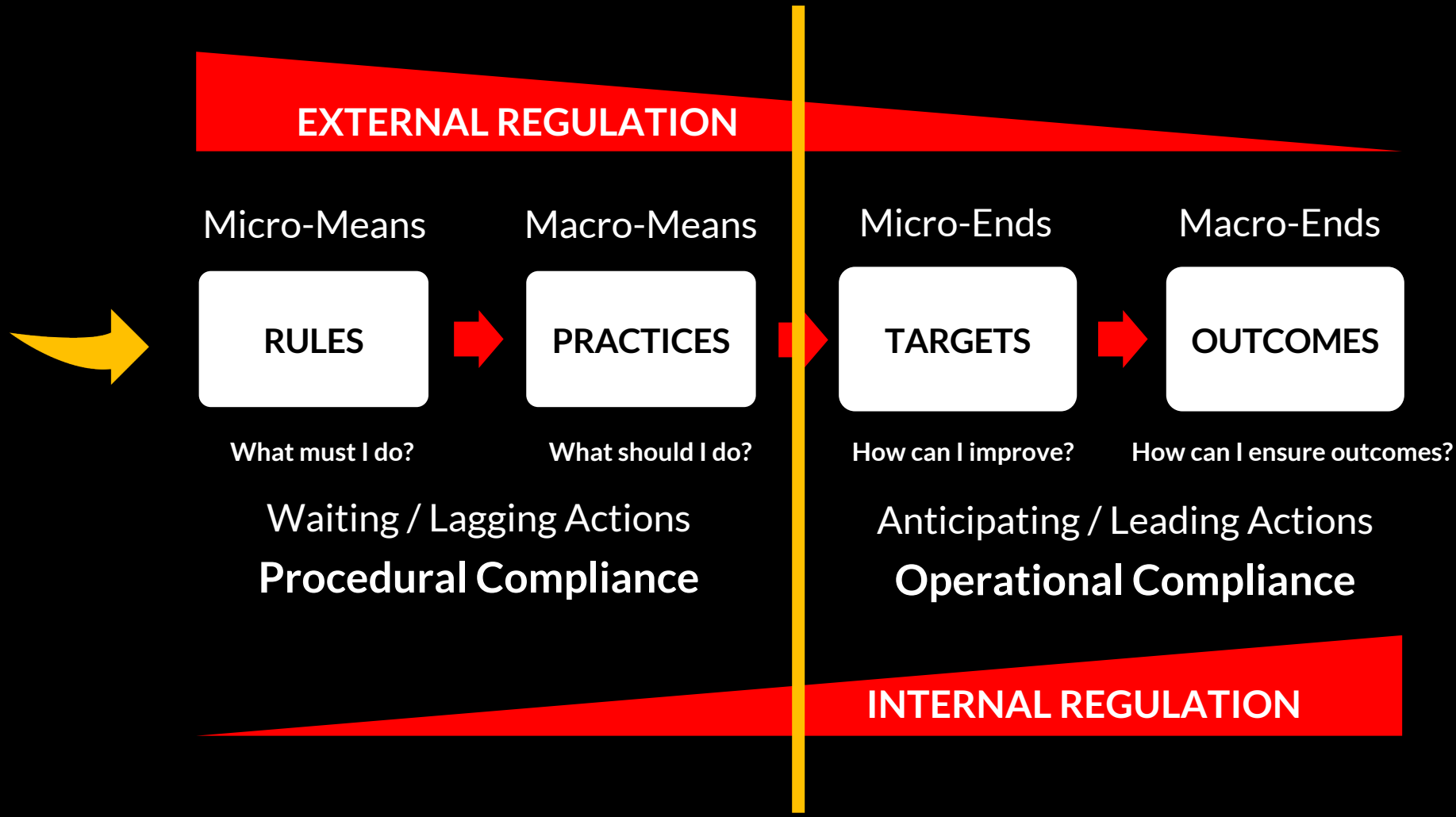




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THE PROBLEM WITH COMPLIANCE

Compliance is not keeping up with regulatory designs



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THE PROBLEM WITH COMPLIANCE

Compliance is inefficient and ineffective



Rising costs:

- Compliance cost is estimated at 8%-10% of an FTE
- Compliance can be 2 to 3 times that in highly regulated, high-risk sectors (ex. oil & gas, energy, pharma, finance, environmental, etc.)
- Risked-based compliance is more

70%

† Harvard Business Review (HBR)

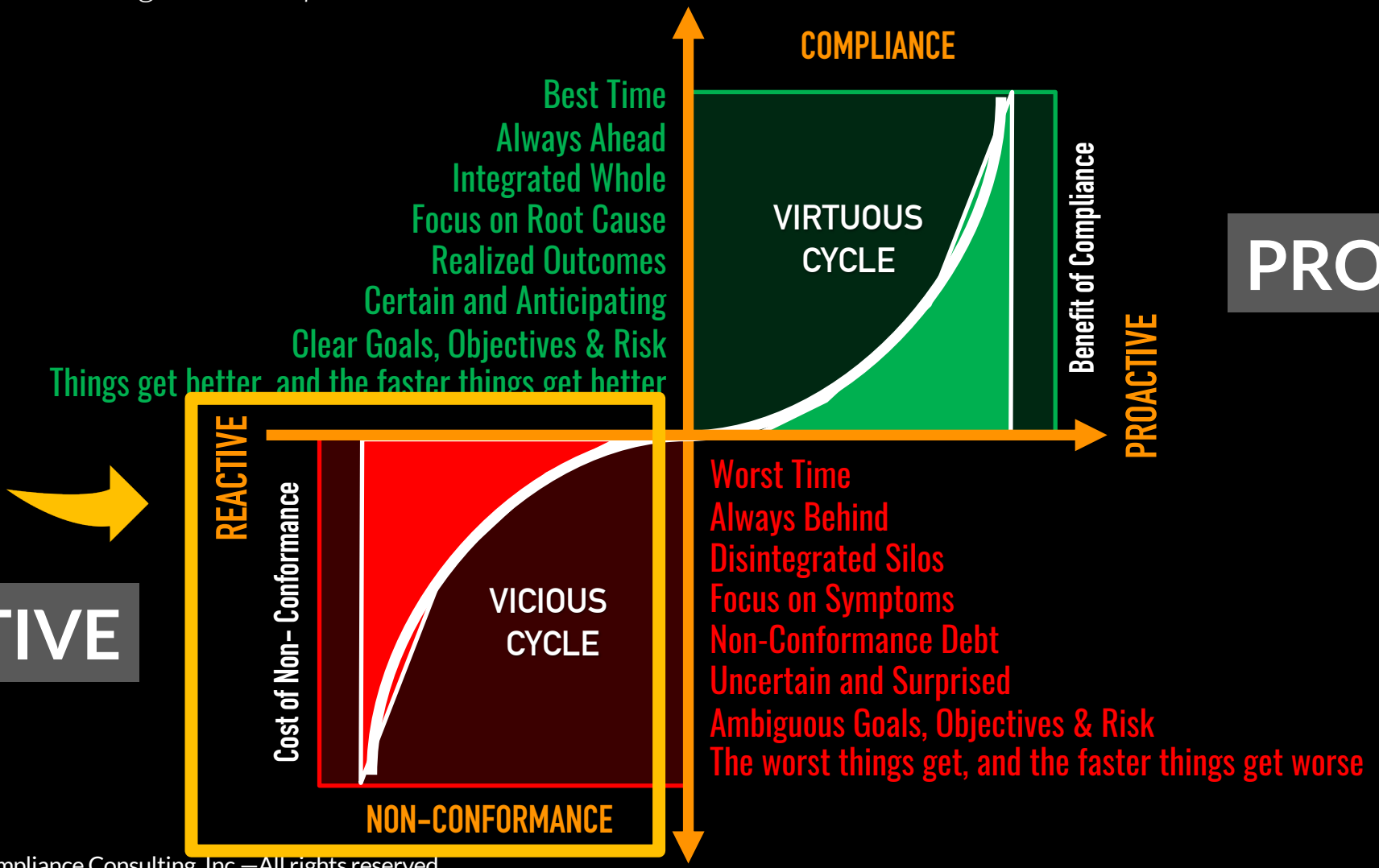
Lack of effectiveness:

- 70% of companies do not measure the effectiveness of their compliance programs
- Incomplete and invalid measurements and metrics
- Mistaking audit findings for compliance effectiveness
- Siloed and reactive

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THE PROBLEM WITH COMPLIANCE

Compliance is caught in a trap



PROACTIVE

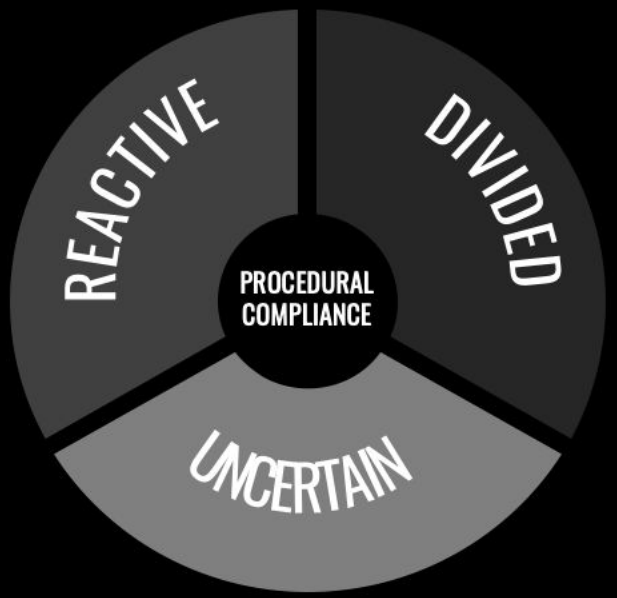
REACTIVE

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THE PROBLEM WITH COMPLIANCE

Compliance is not operational

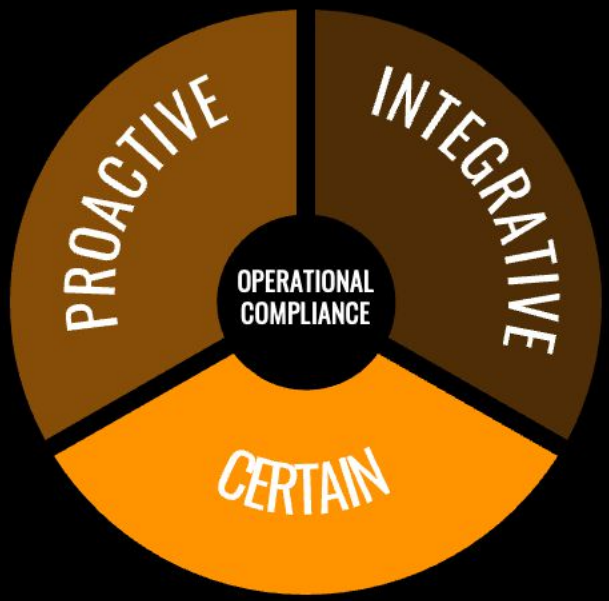
THE REACTIVE UNCERTAINTY TRAP™



VICIOUS CYCLE

- Issues Increase
- Cost Escalates
- Confidence Declines
- Trust Diminishes

THE PROACTIVE CERTAINTY PROGRAM™



VIRTUOUS CYCLE

- Promises Delivered
- Outcomes Advanced
- Assurance Increases
- Trust Grows

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TOTAL
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MANAGEMENT

2. LESSONS FROM QUALITY

A journey to excellence

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LESSONS FROM QUALITY

For quality, the way forward was upwards





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LESSONS FROM QUALITY

Challenges with Traditional Quality Control



1. **Inspection-based approach**: Quality was primarily maintained through inspection of final products, which was resource-intensive and inefficient.
2. **Reactive rather than preventive**: Problems were addressed after they occurred, leading to waste and rework.
3. **Responsibility limited to the quality department**: Workers and management often viewed quality as the sole responsibility of quality inspectors.
4. **Statistical limitations**: Early quality control lacked sophisticated statistical methods to analyze and predict quality issues.
5. **Focus on conformance only**: The emphasis was on meeting specifications rather than continuous improvement or customer satisfaction.

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LESSONS FROM QUALITY

Lessons learned



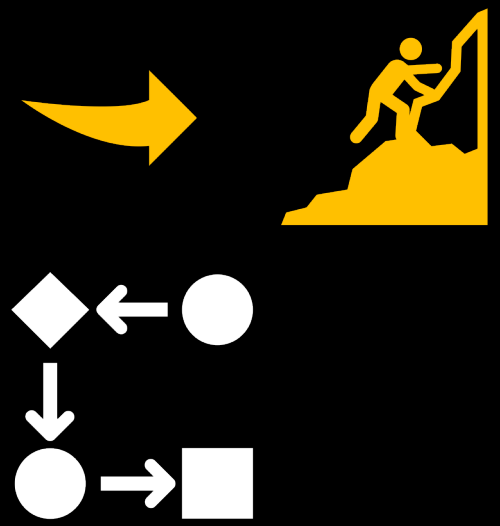
1. **Prevention is more effective than detection**: It became clear that building quality into processes was more efficient than inspecting it in afterward.
2. **Quality requires organizational involvement**: Quality couldn't be the responsibility of a single department but needed to involve everyone.
3. **Statistical methods provide powerful insights**: Statistical process control offered a way to monitor and improve processes systematically.
4. **Systems thinking matters**: Understanding the interconnectedness of processes proved essential to overall quality improvement.
5. **Management commitment is crucial**: Leadership involvement was recognized as a critical factor in successful quality initiatives.

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LESSONS FROM QUALITY

The Transition to Quality Management

QM



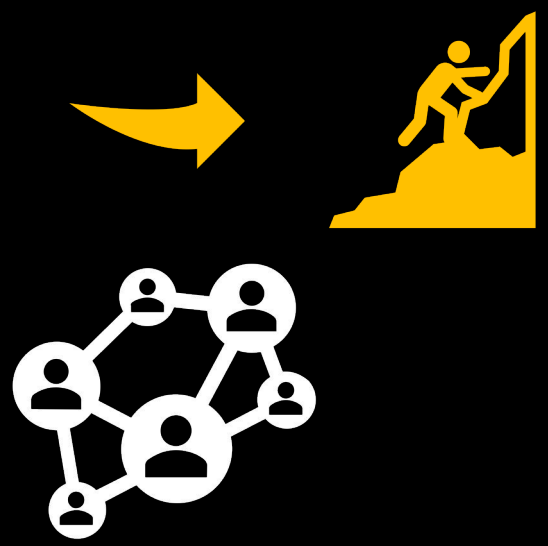
1. Emphasized process control rather than just product inspection
2. Introduced quality planning and quality assurance
3. Began incorporating customer requirements into quality standards
4. Applied statistical methods more extensively
5. Expanded quality responsibility beyond the quality department

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LESSONS FROM QUALITY

The Transition to Total Quality Management

TQM



1. **Made quality everyone's responsibility**: Every employee became responsible for quality in their work.
2. **Focused on customer satisfaction**: Quality definitions expanded beyond specifications to include customer needs and expectations.
3. **Embedded continuous improvement**: Rather than maintaining standards, the focus shifted to ongoing improvement.
4. **Integrated quality throughout the organization**: Quality became part of strategic planning, not just operations.
5. **Emphasized leadership and cultural change**: Organizations recognized that quality required fundamental cultural shifts.

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LESSONS FROM QUALITY

The Transition to Operational Excellence



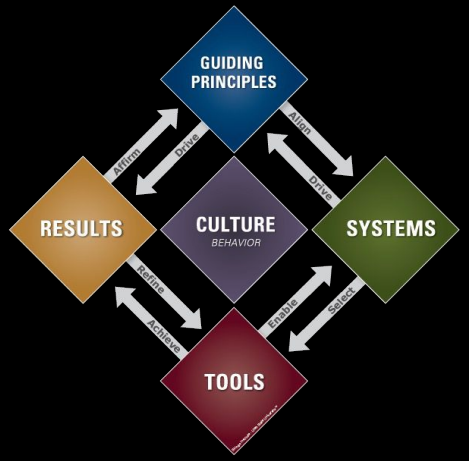
1. **Holistic performance view**: Beyond quality, Operational Excellence encompasses all aspects of operational performance including efficiency, speed, cost, and innovation.
2. **Direct link to business results**: Operational Excellence explicitly connects improvement initiatives to financial and strategic outcomes.
3. **System optimization**: Rather than optimizing individual processes, Operational Excellence focuses on optimizing entire value streams and systems.
4. **Enterprise-wide deployment**: Operational Excellence extends beyond manufacturing and operations to encompass all business functions, including support services.
5. **Integration of multiple methodologies**: Operational Excellence incorporates elements from various improvement approaches (Lean, Six Sigma, Theory of Constraints) rather than adhering to a single methodology.

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LESSONS FROM QUALITY

The Prize





Shingo Prize



Malcom Baldrige Award



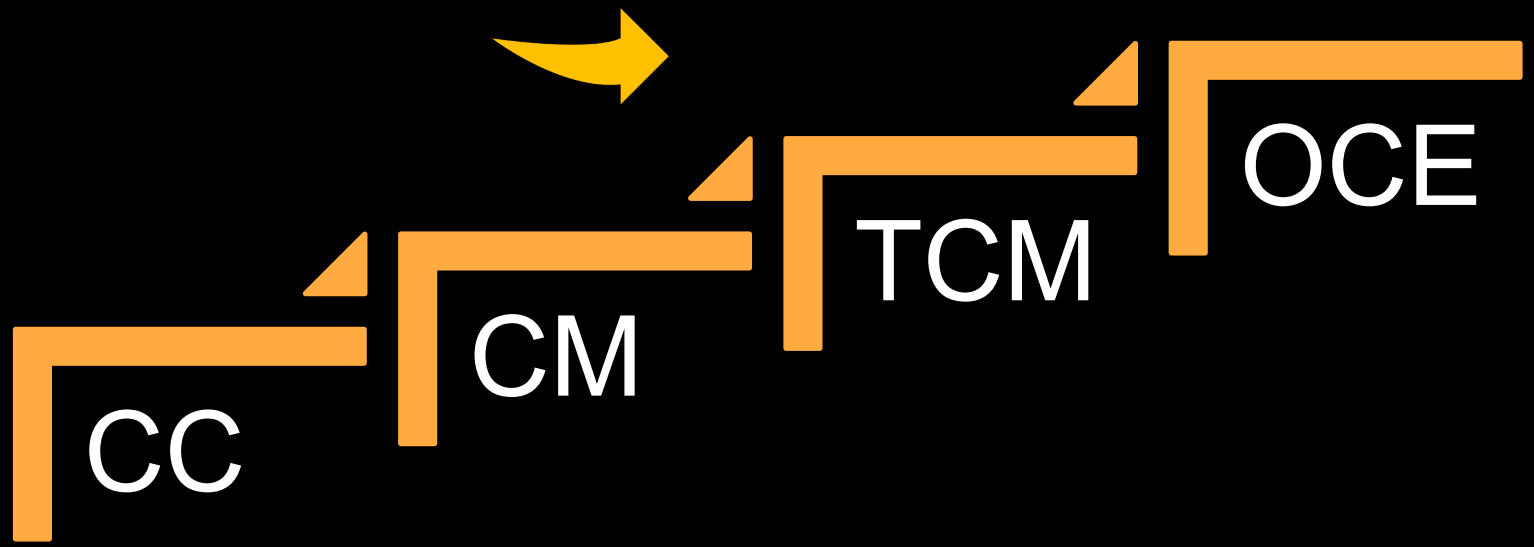
EFQM Award

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LESSONS FROM QUALITY

For other compliance programs, the way forward is also upwards





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LESSONS FROM QUALITY

For other compliance programs, the way forward is also upwards



TOTAL COMPLIANCE MANAGEMENT

- ENVIRONMENT
- ETHICS
- SUSTAINABILITY
- HEALTH & SAFETY
- LEGAL
- RESPONSIBLE AI
- SECURITY
- QUALITY
- PROCESS SAFETY

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TOTAL
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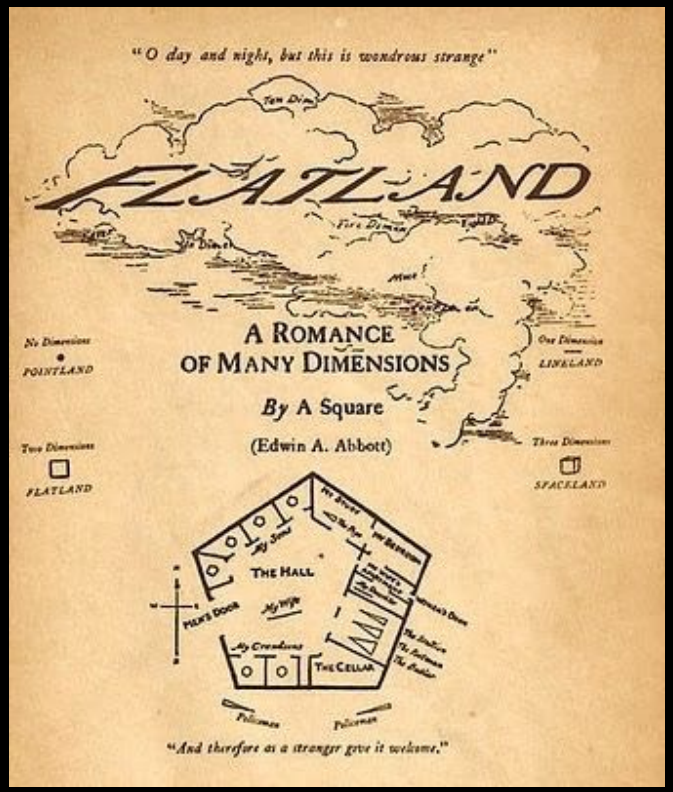
3. LEAN TCM

Adding new dimensions to compliance

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LEAN TCM

Adding new dimensions to compliance

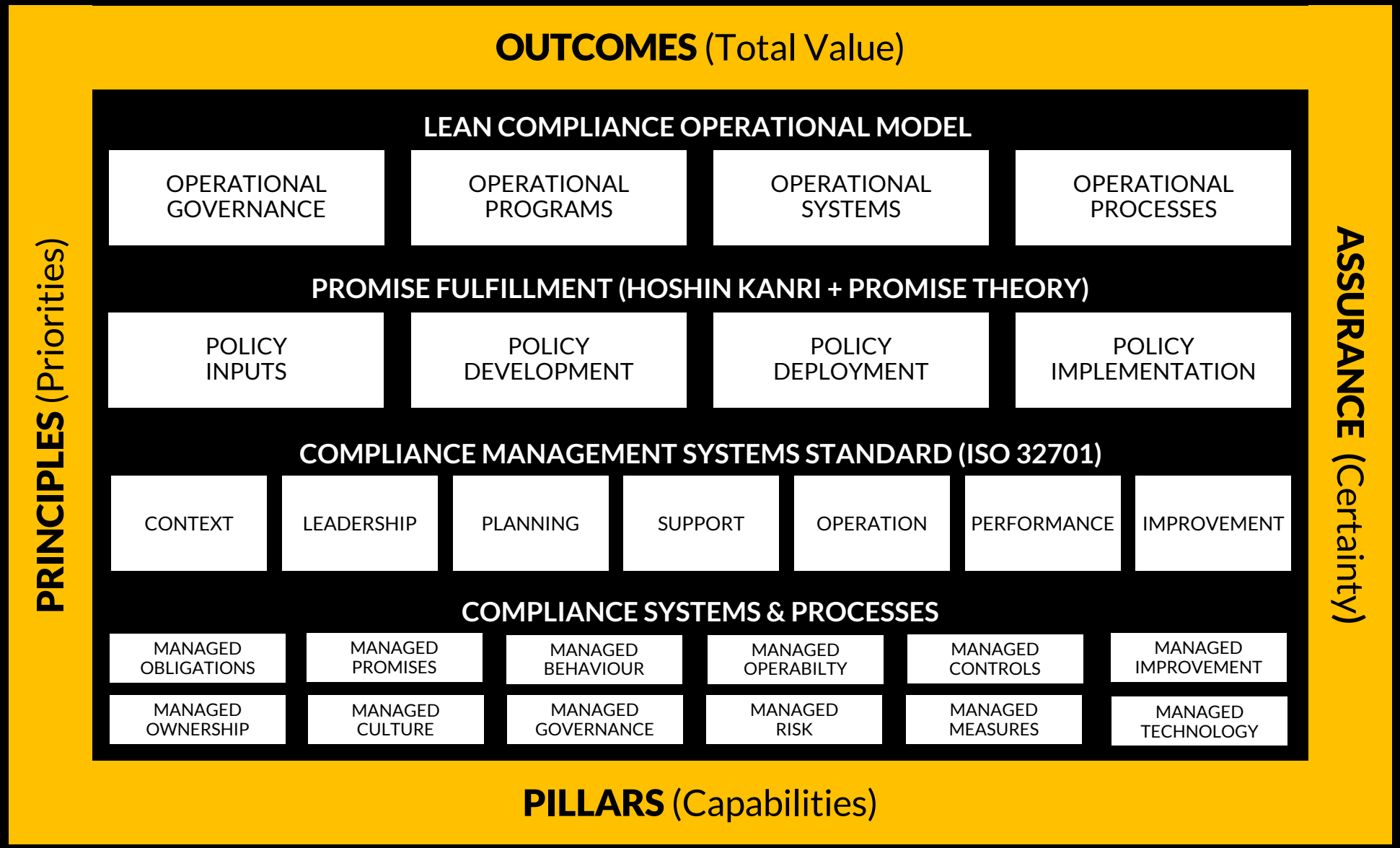


"I call our world Flatland, not because we call it so, but to make its nature clearer to you, my happy readers, who are privileged to live in Space."

- Edwin A. Abbott, Flatland: A Romance of Many Dimensions

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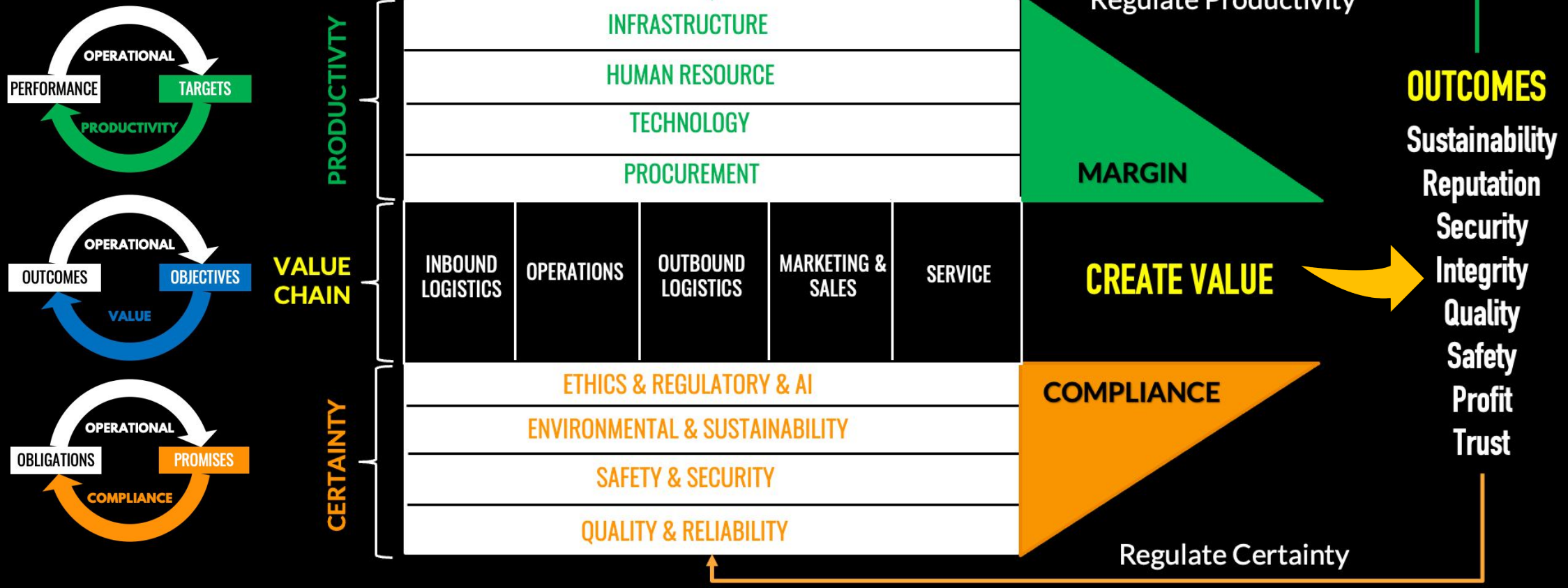
LEAN TCM (TOTAL COMPLIANCE MANAGEMENT)



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LEAN TCM

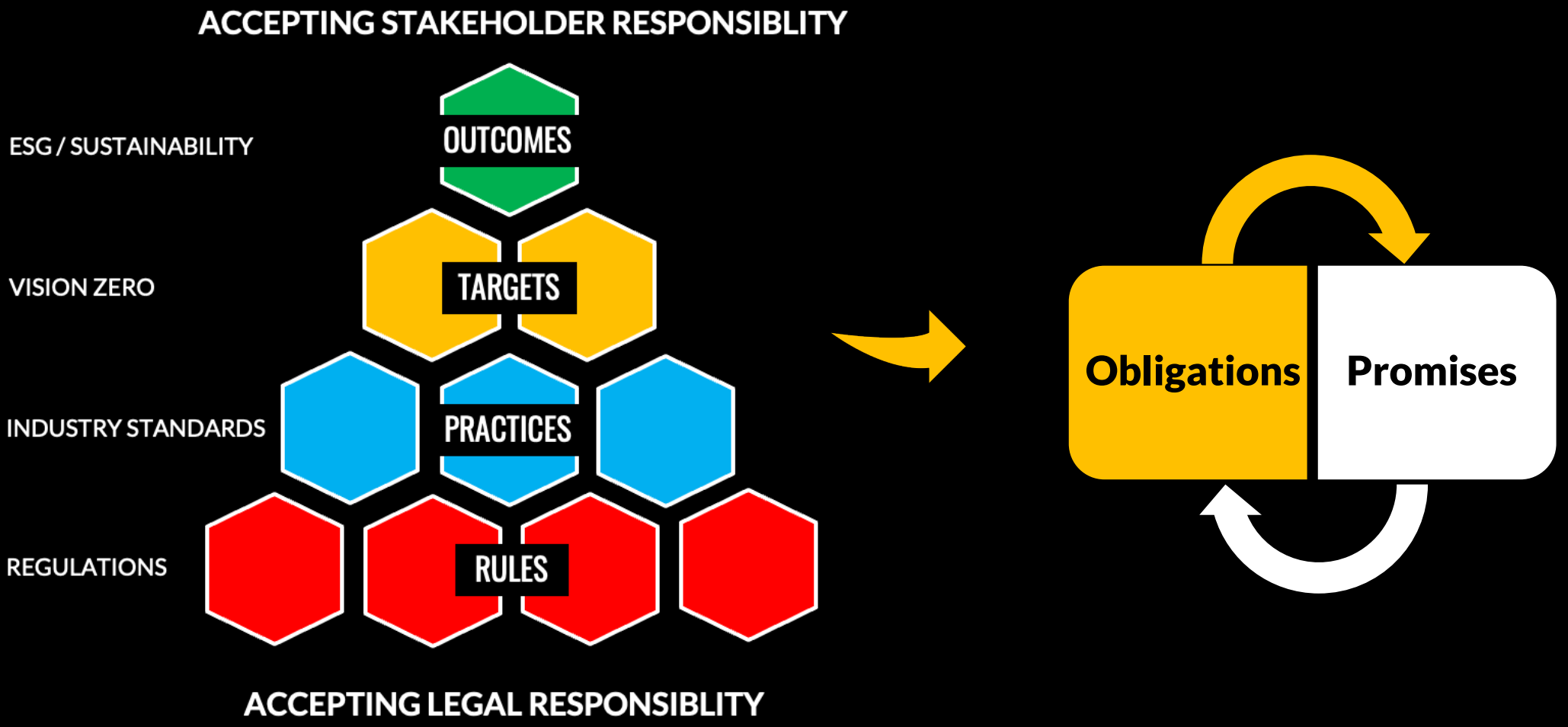
Total Value – the outcomes from organizational effort



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Total Obligations – mandatory requirements and voluntary commitments



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Total Capabilities – obligation driven compliance capabilities

1

Identify Business Requirements

Business Requirements

Vision, Mission, Strategy, Policy, Value Chain, etc.

2

Create Operations Business Model

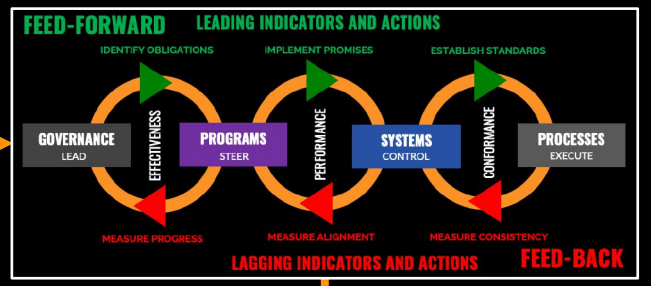
Operations Model

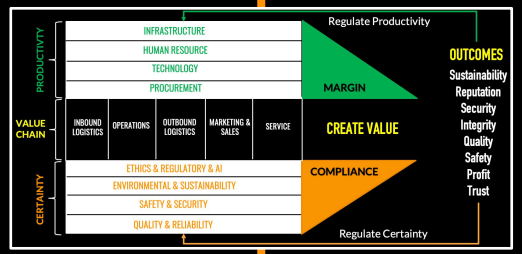
Functions, Behaviors, and Interactions

6

Create Integrated Model

Operational Compliance Model





Total Value Chain Analysis

5

Evaluate and Map Compliance Criticality

7

Evaluate Compliance Operability

3

Identify Compliance Requirements

Compliance Requirements

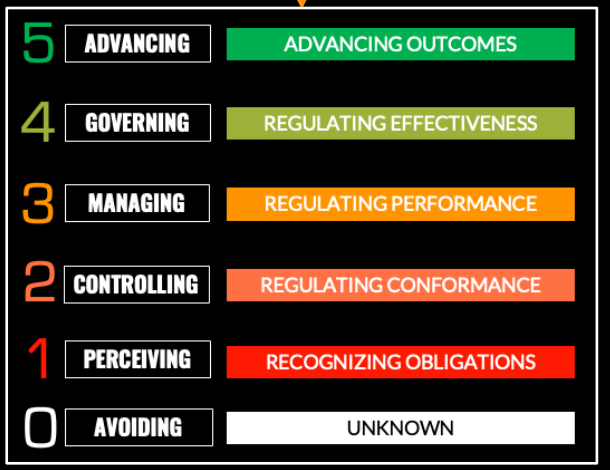
Safety, Security, Sustainability, Quality, Legal, Ethics, AI, etc.

4

Create Obligations and Promises Register

Obligations Register

Obligations, Promises, Policies, Uncertainty, & Risk

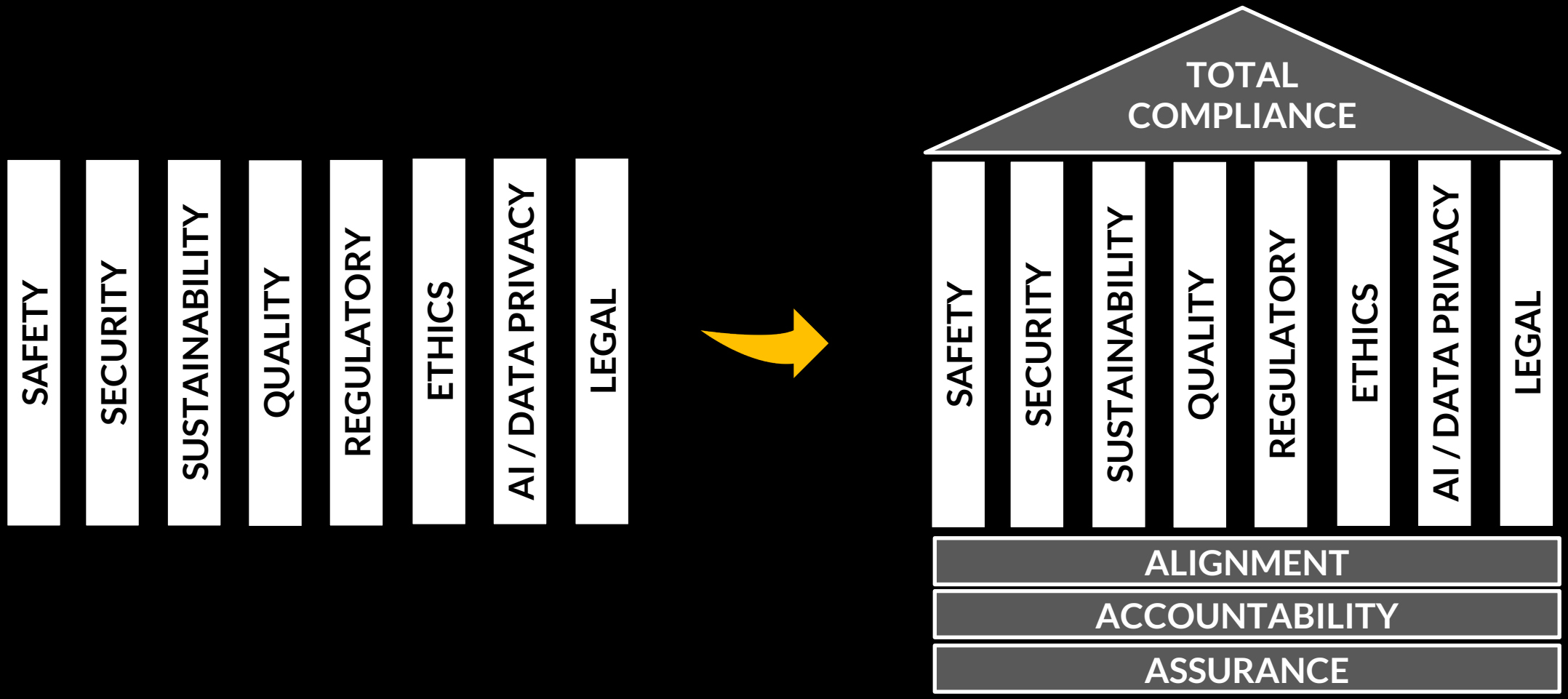


Operational Compliance Capabiltiies Maturity

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Total System – Compliance pillars instead of silos



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Total Alignment – crossing the chasm

UPPER MANAGEMENT

OBLIGATIONS

- Shared Vision
- Invitation
- Ownership
- Negotiate
- Respect

ORGANIZATIONAL BARRIER

PROMISES

- Voluntary
- Participatory
- Agency
- Risk-based
- Continuous Improvement

LOWER MANAGEMENT

Hoshin Kanri

Policy Deployment

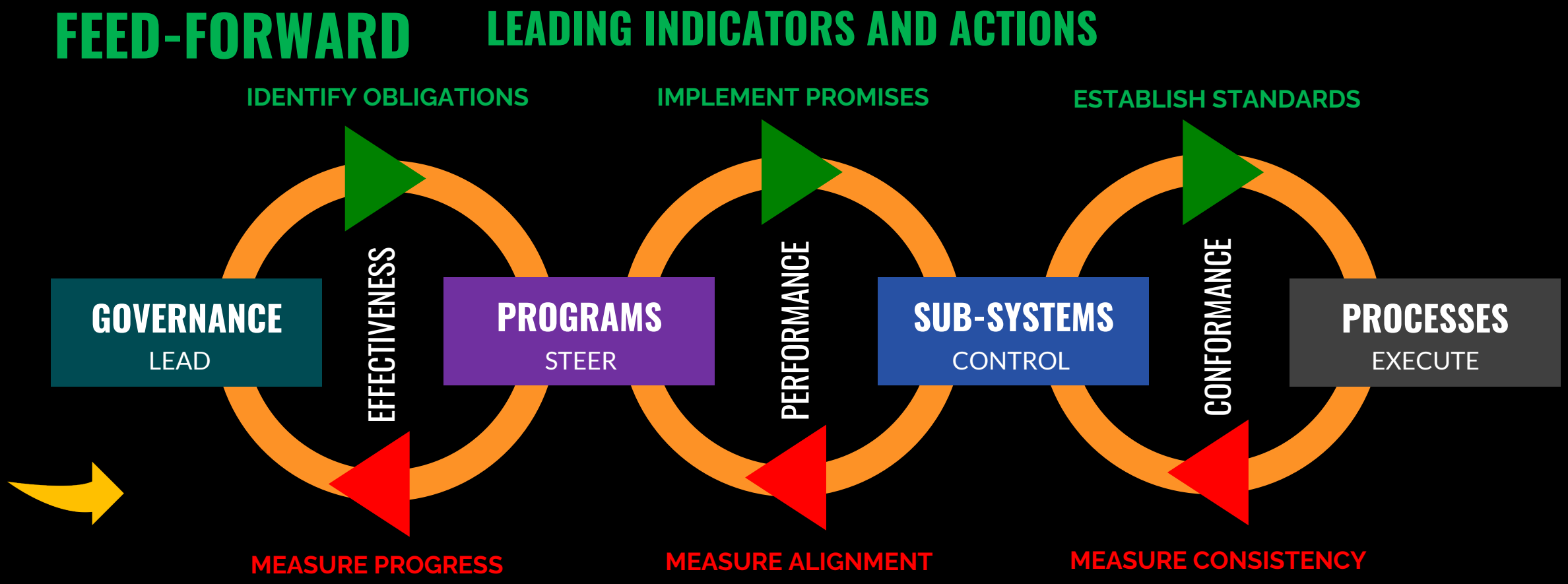


Catchball

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Total Operability – all essential functions, behaviors, and interactions working together as one



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Total Metrics – measurements that matter most



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LEAN COMPLIANCE

LEAN TCM

Total Risk – strengthening your defenses



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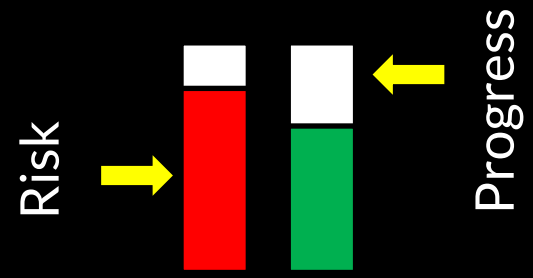
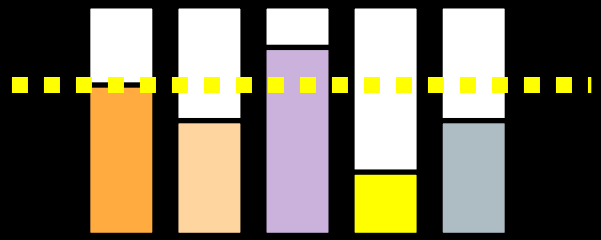
LEAN TCM

Total Status – real-time compliance status and direction

LEVEL OF CONFIDENCE

Measure of Assurance

Enhance Trust

PROGRAM	SUB-SYSTEMS	PROCESSES
		
Measure of Effectiveness	Measure of Performance	Measure of Conformance
Advance Outcomes	Maintain Performance	Perform Work

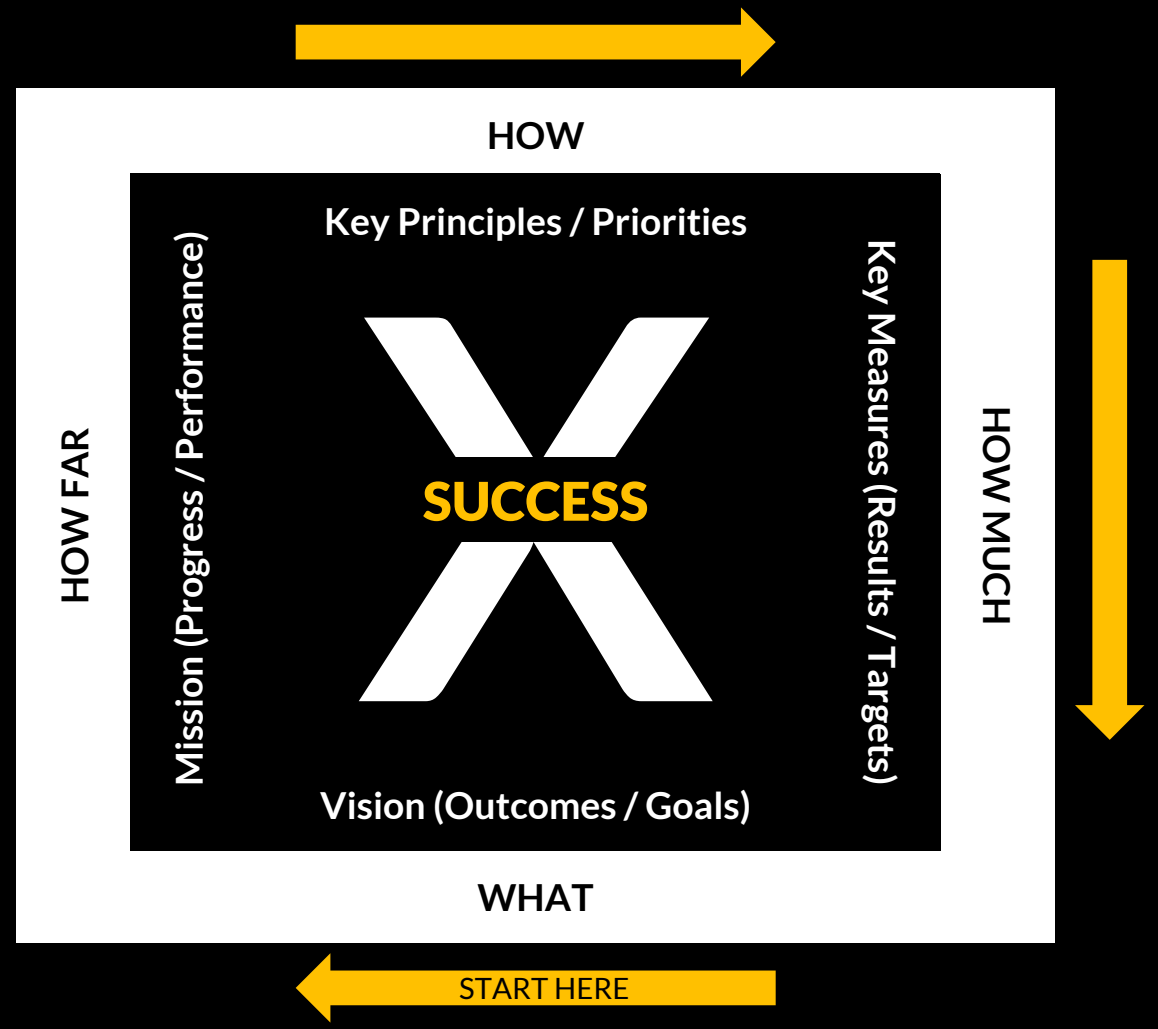
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Total Navigation – steer towards better outcomes

COMPLIANCE COMPASS NAVIGATION

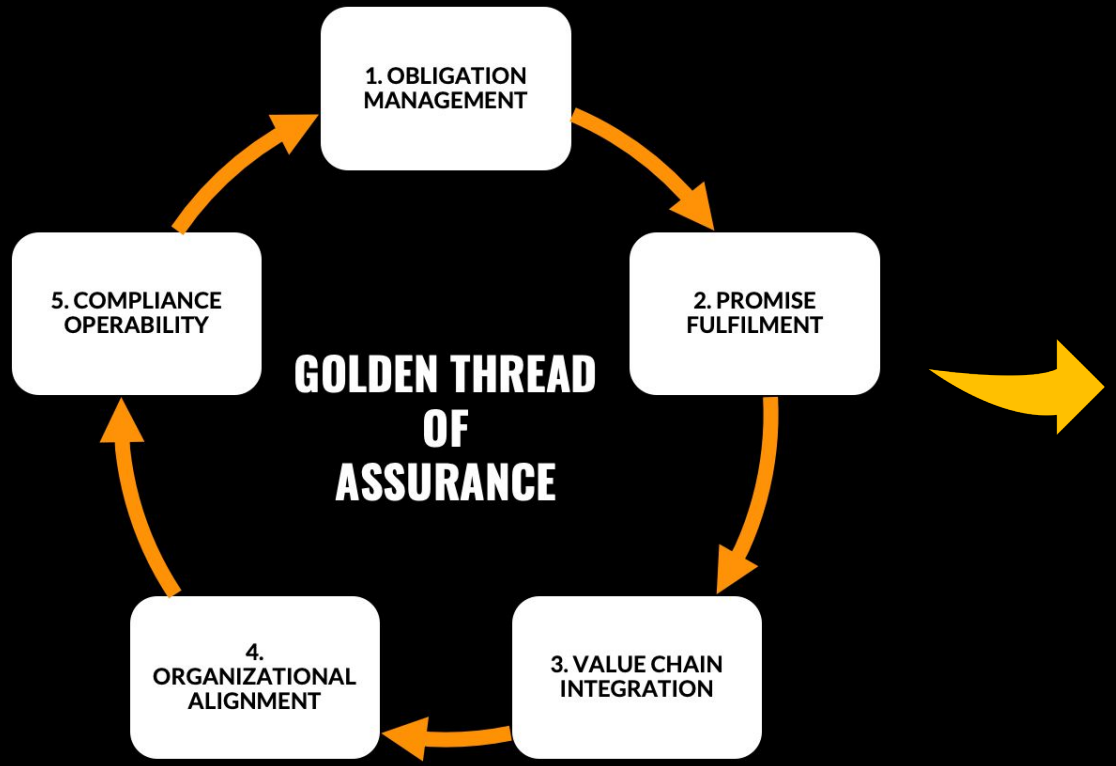
- **Territory** – Compliance Domain
- **Map / Model** – Operational Compliance Model
- **True North** – Integrity (Keeping Promises)
- **Compass** – Aligns Organizational Values (Obligations) with Operational Objectives (Promises)
- **Route** – Compliance Improvement Plan



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LEAN TCM

Total Assurance – the golden thread that connects what is critical to compliance



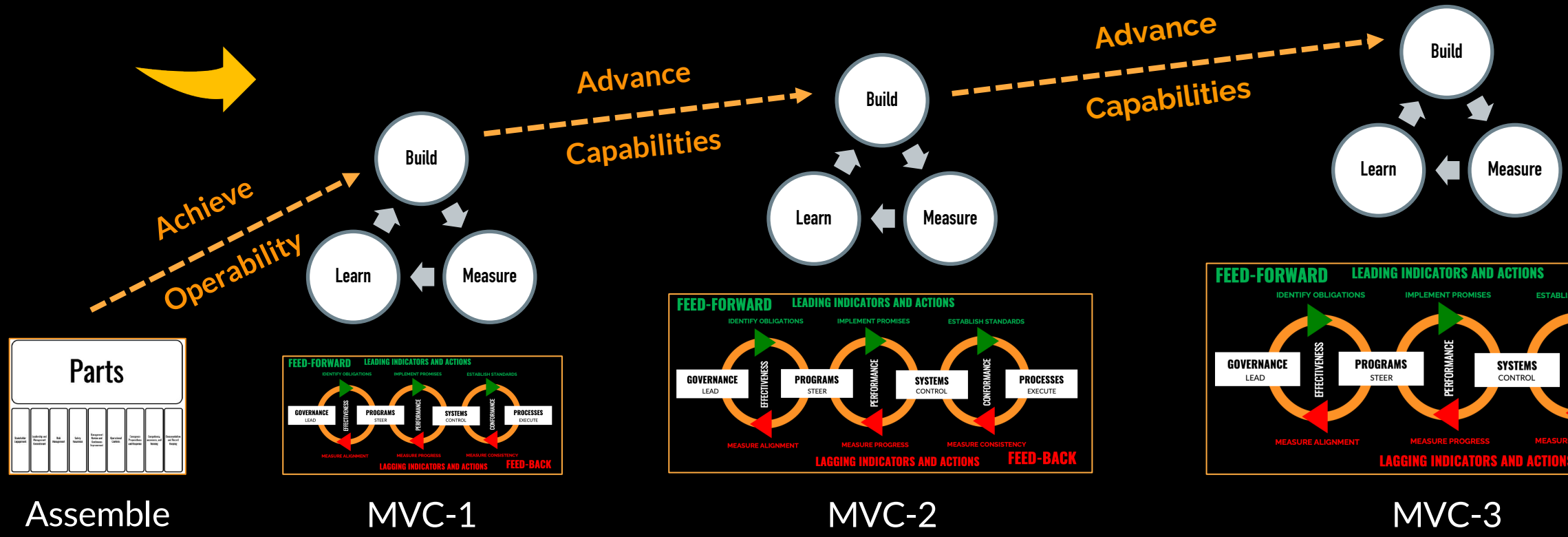
The Golden Thread of Assurance is a strategic approach to compliance that connects essential compliance capabilities into a unified framework. This concept enables organizations to view compliance as an interconnected system rather than isolated components.

https://www.leancompliance.ca/post/golden-thread-of-assurance-for-compliance

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LEAN TCM

Total Continuous Improvement – advance capabilities to advance outcomes



Assemble MVC-1 MVC-2 MVC-3

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LEAN TCM

Lean TCM (Total Compliance Management) Framework

LEAN TCM	PROCEDURAL COMPLIANCE		OPERATIONAL COMPLIANCE	
LICENSE	LEGAL APPROVAL		STAKEHOLDER APPROVAL	
TERMS	SHALL / MANDATORY		SHOULD / VOLUNTARY	
OBJECTS	OBLIGATIONS		PROMISES	
CULTURE	BOUNDED-SET / FEAR		CENTRED-SET / CONFIDENCE	
MOTIVATION	NECESSARY EVIL		NECESSARY GOOD	
BEHAVIOR	REACTIVE / WAITING		PROACTIVE / ANTICIPATING	
CONTROL LOOP	FEED-BACK		FEED-FORWARD	
TRIGGER	ADVERSE EVENTS		BETTER OUTCOMES	
WHAT IS AT RISK	MISSION FAILURE		MISSION SUCCESS	
OBLIGATION TYPE	RULES	PRACTISES	TARGETS	OUTCOMES
REGULATION	MICRO-MEANS	MACRO-MEANS	MICRO-ENDS	MACRO-ENDS
IMPROVEMENT	TROUBLE-SHOOTING	GAPS FROM STANDARD	TARGET CONDITION	STRATEGIC OBJECTIVE
MEASURES	ADHERENCE	CONFORMANCE	PERFORMANCE	EFFECTIVENESS
FUNCTION	PROCESSES	SYSTEMS	PROGRAMS	GOVERNANCE
MANAGE	WORK	CONTROLS	ALIGNMENT	ACCOUNTABILITY
LEAN METHODS	7S METHODOLOGY	CONTINUOUS IMPROVEMENT	TOTOTA KATA	HOSHIN KANRI
HEALTH ASSESSMENT	MONITOR ADHERENCE	MONITOR GAPS	MONITOR CAPABILITIES	MONITOR ASSURANCE
INTELLIGENCE	COLLECT DATA	CREATE INSIGHTS	FORECAST PERFORMANCE	PREDICT OUTCOMES

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LEAN TCM

Key Features of Lean TCM

TOTAL COMPLIANCE MANAGEMENT

- Builds on Total Quality Management (TQM).
- Comprehensive – covers all obligations types and regulatory designs.
- Holistic – helps you manage the parts as-a-whole to drive outcomes.
- Doesn't replace existing standards or management systems.
- Elevates individual compliance programs or the entire portfolio.
- Establishes essential capabilities to realize compliance operability.
- Incorporates modern risk, governance, obligation, promises, performance, systems, and cybernetic theory.
- Leverages LEAN principles and practices.
- Compatible with ISO 37301 (CMS).
- Scalable – start small and improve over time.

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THE BIG IDEA

Compliance is mostly managed as parts not as a whole

Safety, Security, Sustainability, Quality, Regulatory, Ethics, AI Compliance, Etc.

What we have now



Assortment of separate parts, some working, some not, and most not working together as a whole.

What we need



All essential compliance parts working together as a whole to create the outcome of compliance.

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THE BIG IDEA

We need more than just parts management, we need TCM

Safety, Security, Sustainability, Quality, Regulatory, Ethics, AI Compliance, Etc.

What we have now



Assortment of separate parts, some working, some not, and most not working together as a whole.

TOTAL COMPLIANCE MANAGEMENT

What we need



All essential compliance parts working together as a whole to create the outcome of compliance.

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THE BIG IDEA

To achieve compliance success, we need to look up



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LEAN COMPLIANCE

Q&A



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Thank You!

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