

Ensuring Compliance:

Using new tools to improve quality, cut costs and boost performance

Colin Coulson-Thomas

Boards face a variety of external challenges. In particular, customers are becoming more demanding. They increasingly desire individually tailored and bespoke product and services. They want to stand out and feel that what they are acquiring is distinctive if not special or unique.

Traditional quality sought to reduce variation through standard offerings and prescribed processes. Statistical tools were used to increase the quality of physical products. Today less tangible areas such as attitudes, values, perceptions and relationships are more significant. Ways need to be found of offering greater variety and individual responses while at the same time preserving quality.

Following various corporate scandals and the failures and bailouts of financial institutions, the good standing of an organisation cannot be taken for granted. Customers try to purchase from those they trust. Corporate reputation and brand image can be compromised by poor quality. Ensuring compliance with high standards can enhance them and justify a price premium.

When companies get it wrong they find there are fewer places to hide. With the media and other interested parties able to reach larger audiences more quickly companies are keener than ever to avoid risks. Yet quality and compliance procedures can slow responses and become a costly and bureaucratic burden.

Many managers feel trapped on the horns of a dilemma. People for whom they are responsible may require the discretion to treat each requirement on its own merits if they are to create new options and choices. Yet customers retain high expectations of quality and will punish a supplier for any slipping of standards. There is a need to delegate and empower whilst still maintaining quality control.

Help is at hand. Checks to ensure compliance and quality can be built into the daily tools that people use to craft bespoke offerings, while at the same time increasing understanding and performance, reducing cost and stress and allowing faster, more flexible and tailored responses. The same tools can make it easier for people to do difficult jobs and enable average operators to emulate the approaches of superstars.

Implementing Corporate Policies

Business leaders need to ensure their people have the tools to apply corporate policies, values and codes in their daily work. Far too often corporate requirements are little more than words in a manual, an annual report or on a website. They can be referred to if someone asks about them, but at other times people may be just aware of their existence rather than actively applying them.

There is often a gap between rhetoric and reality, a gulf between aspiration and achievement. Many well meaning boards lack the means of knowing whether or not the values and practices they champion are being applied in the heat of battle, when

there is a contract to be won, time to be saved or a budget to be cut. They restate the values and keep their fingers crossed.

An alternative to passing resolutions, making speeches and hoping for the best is to build best practices and the right way of doing things into corporate processes and the tools people use to do their jobs. In addition to the benefits mentioned this can contain risks and ensure compliance with relevant law, regulatory requirements, codes and policies.

Quality and Performance Problems

Many companies face a host of problems in relation to quality. They may experience difficulty in getting it right first time every time in changing and novel situations. The time taken to put separate quality checks in place to cope with each new requirement also means that approaches adopted may lag behind a changing requirement.

The variety sought by customers has to be reconciled with the need to keep a grip on quality. People worry about the risk of compromising quality when bespoke and tailoring responses. Quality procedures may apply to a restricted set of responses, but may not cover departure from standard procedures, i.e. tailored responses.

In many situations the cost of applying a bureaucratic approach to quality to a growing number of variations from the norm would be prohibitive. Maintaining traditional and stand alone quality alongside a greater burden of work, diversity and pressure to perform becomes ever more problematic.

The proliferation of products, new channels to market, globalisation of business and continuing innovation create new risks that require additional responses. The sheer quantity of procedures and standards makes it increasingly difficult to keep people up to date, especially those working in the field, and also up and down a supply chain.

Compliance may need to embrace business partners and the activities of people over whom a company has little direct control. Overall, anticipation and prevention is preferable to reaction to problems. Too often compliance is a self-contained activity rather than an integral part of business processes. Ways have to be found of ensuring risks are properly addressed as and when they arise.

The Solution

Pioneering companies are building checks into ways of working and job support tools so that control is still exercised in delegated situations. Their responses consist of a number of elements and are based upon some core principles such as forcing a focus on customer requirements and stopping errors happening in the first place.

Job support tools are designed to increase workgroup productivity and corporate performance by helping people to do a better job. Devices such as traffic lighting can be used to prevent people from progressing along a course of action if data entered is incomplete or suggests a possible risk.

Importantly, support tools can be used to capture and disseminate best practice. Within most workgroups there are a small number of high performers whose superior approaches and relevant critical success factors can be built into a tool.

Putting a support tool onto a laptop or latest generation mobile phone can provide checks and support when and wherever required. Compliance is put into the hands of people in the field and in partner organisations. Tools can be updated while online.

The automation of more routine and repetitive activities can significantly improve productivity and allow more time for activities such as differentiation and tailoring. Decision trees can be included to help ensure all aspects are considered. Tools can be made tamperproof, learning support provided, and self-assessment diagnostics included which can identify development and updating requirements. The use of video, audio, animation and interactive components can help understanding.

Benefits

Equipping workgroups with support tools offers various advantages. It is possible to give more discretion whilst maintaining control. Multimedia facilities create the ability to demonstrate things without needing the presence of an experienced person. This reduces the cost of delivering new programmes and launching new products.

Use of a tool ensures a consistent approach across all personnel and locations. People find it much quicker to locate the information they need. By encouraging or forcing particular routes and preventing others, tools can have direct impact on behaviour. B & Q has used a support tool to help suppliers satisfy its quality requirements. Friends Provident uses a tool to support Independent Financial Advisers, for example enabling them to produce documentation that satisfies regulatory and other requirements.

Professional firms have used a tool to help clients assess risks. Other users of support tools developed by Cotoco have introduced controls to prevent, for example, people selling devices that are not compatible or which would breach a requirement. First year returns on investment of more than 20, 30 and 70 times have been obtained.

Key Findings

Compliance costs can be significantly reduced by building checks and controls into support tools and day-to-day work processes. The new generation of tools can quickly make an impact in areas where pressures to cut corners may be the greatest. Tools can incorporate critical success factors for key corporate activities and the superior approaches of top performers as well as controls that prevent outcomes that would contravene a code, involve an unacceptable risk or breach a regulatory requirement.

The approach can be applied to public as well as private organisations. Areas such as healthcare are inherently complex. Ensuring compliance with rules, procedures and policies is vital for patient safety and preventing mistakes. Performance tools can support the development, updating and practice of healthcare professionals, and ensure adherence to relevant procedures, regulations and standards.

Implementation is manageable, affordable and achievable. Benefits include better engagement with patients, greater understanding, improved productivity, reduced

costs, quicker responses, faster dissemination, less stress, higher standards, and enforced and evidenced compliance. Costs are a tiny fraction of those devoted to some mega-projects, and substantial returns on investment can be quickly delivered.

Next Steps

Key next steps when considering whether or not to provide certain workgroups with job-support tools is to seek a demonstration of actual applications to make people aware of what is possible. A workshop can then be held to examine the applicability of the suggested approach to the particular company's operations and products. The scoping of the format and content of a toolkit, and implementation can then follow.

Further Information

Examples of support tools are given in "Winning Companies; Winning People" by Colin Coulson-Thomas which together with reports setting out critical success factors for key corporate activities can be obtained from www.policypublications.com.

Author

Prof. Colin Coulson-Thomas of the University of Greenwich and an experienced chairman of award winning companies has helped over 100 boards to improve director, board and corporate performance. His many books and reports include "Winning Companies; Winning People" and he has addressed over 200 conferences in over 40 countries. He can be contacted via www.coulson-thomas.com.