



THIRD PARTY
RISK ASSOCIATION

Continuous Improvement Strategies



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Agenda:

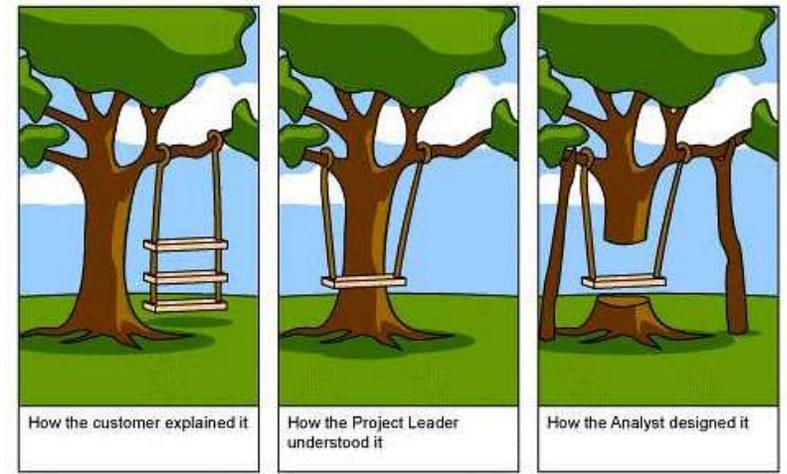
- Continuous Improvement Strategy - Efficiency, Effectiveness, & Flexibility
- Implementation - Reactive, Proactive, Process Native
- Continuous Improvement Framework
- Feedback & Evolution





Continuing Improvement Strategy

- Review your program's current state
- Identify your program goals
 - Improve efficiency
 - Reduce spend
 - Enhance effectiveness
- Communicate your goals and gain stakeholder buy-in
 - Put goals in writing
 - Refine your targets through feedback from stakeholders
- Adopt a continuous improvement framework and implement a process
 - Plan/Do/Check/Act
 - Toyota Production System's Seven Wastes
- Communicate the Plan and Responsibilities for each part
- Measure and Communicate Outcomes
- Celebrate Successes
- Repeat



Implementation

- Proactive - Thoughtfully increase capability by reducing or eliminating losses and wastes through technology and other improvement activities. (Automation)
- Reactive - Make an improvement when your expectation isn't met. (A process fails or you are over budget.)
- Process Native - Process improvement is taken into account when designing your program. (Surveys, regular meetings, metrics)



Reviewing Your Program's Current State

- Policies and Standards
- Inventory of Vendors
- Risk Appetite
- Facilitators and Performers
- Escalation Process
- Metrics & Reporting (to include Board Reporting)
- Education & Training
- Regulations and Compliance

Planning &
Oversight

the
State of
the Union

Identify Program Goals

- Strategic - Improve Program Effectiveness
- Perform Gap Analysis
 - Research best practices
 - Benchmark off peers
 - Review frameworks
 - Work with your Third Party Service Providers
 - Interview stakeholders



Communicate Goals and Gain Stakeholder Buy-In

- Put goals in writing - Will improve program effectiveness by:
 - Enhancing Board Reporting
 - Improving Escalation Process
 - Educating Business Owners
- Refine your targets through feedback from stakeholders
 - Review plans with all effected stakeholders and welcome input.
 - Adjust goals and targets based on this feedback.
 - This will also ensure buy-in during the implementation phase.

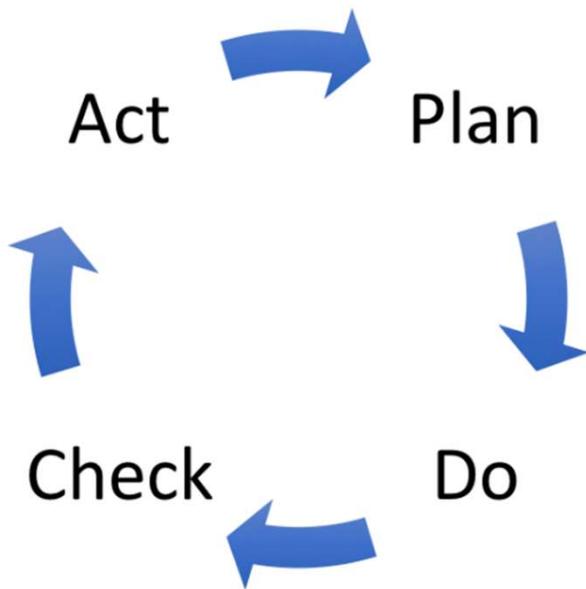




Adopt a Continuous Monitoring Framework

- Plan/Do/Check/Act
- Toyota Production System's Seven Wastes

Planning & Oversight



DEFECTS

Waste from a product or service failure to meet customer expectations



OVERPRODUCTION

Waste from making more product than customers demand



WAITING

Waste from time spent waiting for the next process step to occur



UNUSED TALENT

Wastes due to underutilization of people's talents, skills, and knowledge



TRANSPORTATION

Wasted time, resources, and costs when unnecessarily moving products and materials



INVENTORY

Wastes resulting from excess products and materials that aren't processed



MOTION

Wasted time and effort related to unnecessary movements by people



EXTRA-PROCESSING

Wastes related to more work or higher quality than is required

Adopt a Continuous Monitoring Framework & Implement Process

Plan - Identify the problem by collecting data and determining root cause. (Interviews, benchmarking, researching best practices, etc.)

- Board feels ill-informed and may not be aware of the highest risks or what company is doing to mitigate risk.
- High risks identified aren't gaining attention they need are target plans are going past due.
- Business owners are not taking accountability for risk and are not aware of program expectations.



Adopt a Continuous Monitoring Framework & Implement Process

Do - Develop a solution, determine how to test and measure success, and implement solution.

- Enhancing Board Reporting - Meet with the board quarterly to update them on program goals and objectives. Also add TPRM dashboard that notes metrics on high risk vendors and where we are at with mitigating risk. Test: Survey Board and observe meeting to determine effectiveness and understanding.
- Improving Escalation Process - Create steering committee to bring high risk issues to and develop process to disseminate decisions made by the committee. Test: Track how often high risk issues are meeting target dates. Track how quickly decisions are made and implemented for high risk vendors (risk accept or terminate relationship).
- Educating Business Owners - Develop training program for new vendor owners to understand program expectations and their role. Develop annual training refresh for current vendor owners. Test: Survey business owners to determine effectiveness and query on the perceived value they receive from TPRM.

Adopt a Continuous Monitoring Framework & Implement Process

Check - Validate test results with stakeholders determine if improvement is effective.

- Enhancing Board Reporting - Success: Survey of Board reveals better understanding. Board meetings result in less questions around program and more productive discussion on remediation efforts.
- Improving Escalation Process - Success: Remediation for high risk issues are meeting target dates, are being risk accepted, or relationships are terming with vendor.
- Educating Business Owners - Success: Business owners are more engaged, assisting with follow up, and advocating for the third party risk management group. Survey shows business owners find value in TPRM work.



Adopt a Continuous Monitoring Framework & Implement Process

Act - If the solution was successful, then implement improvement. If it was not successful, then repeat the process.

- Communicate the Plan and Responsibilities for each part
- Measure and Communicate Outcomes
- Celebrate Successes



Repeat

- If the first improvement was not successful, try another Continue to benchmark, set goals for your program, and implement change.
- Depending on your goal, take each process through your continuous improvement process.
- You may want to look at the same process in a different light (ex. Waste light). What are you doing now that you could eliminate or cut out the middle man?
- Look for ways to reduce waste through automation and by creating a leaner process.



Feedback & Evolution

- Continue to benchmark, set goals for your program, and implement change.
- You do not have to use only one continuous monitoring technique.
- Communicate, communicate, communicate. Continue to ask for feedback on how processes are working and if something can be done to make a process more efficient.
- Ensure appropriate oversight of your program goals, objectives, and outcomes.
- Build continuous improvement into your process, but also be flexible enough to react to change.





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