

Effective Action Plans

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Session Outline

1. Build Action Plan Governance
2. Analyze Root Causes
3. Develop an Effective Action Plan
4. Monitor Implementation and Effectiveness
5. Make Adjustments to the Plan
6. Report Results

I. Action Plan Governance

- Utilize quality metrics
- Establish thresholds
- Determine when an action plan is required
- Develop an effective plan
- Set a timeline for creating & implementing action plans
- Employ a tracking mechanism and process to ensure timely improvements
- Routinely communicate effectiveness of the governance plan

Action Plan Components & Metrics

- How do you assess quality in your organization?
 - Feedback
 - Internal
 - External
 - Profitability
- What resources can be utilized to measure success?
 - Performance reports
 - Audit reports

2. Root Cause Analysis

- Define the issue
- Know the requirements
 - Customer
 - Regulatory
- Understand who the stakeholders are
- Identify root cause of problem
 - Use tools
- Choosing the right solution
 - Designing the solution
 - Implementing the solution
 - Sustaining the solution

3. Developing an Effective Plan

- Identify issue
- Describe impact
- Assign “Owner”
 - Get buy-in from those who have to make the changes
- Define corrective actions
- Provide Implementation timeline
- Describe improvement metrics
- Project improvement dates
- Provide for re-assessment

4. Monitoring Actions

- On-going evaluation of metrics
- Review against baseline results
- Define expected results
- Provide for interim re-testing plan
- Communicate the plan
- Proactively monitor progress on plan

5. Adjusting the Actions

- Was the root cause accurately assessed and addressed?
 - Reassessment of the root cause is required with appropriate changes to the actions.
- Changes to the plan will require appropriate approvals
 - Sr. Management
 - Risk Management
 - Compliance, etc.
- Communication of the changes
 - Detail the re-assessment of the root cause
 - Describe changes to the corrective action
 - Restatement of the projected improvement & timeline
- New plan for re-testing

6. Reporting

- Leverage an action plan template
- Provide updates during routine risk or quality meetings
- Utilize an effective tracking system
 - Follow-up items
 - Completion dates
 - Improvement
- Validate improvement through the following sources:
 - Internal Quality Assurance Audits
 - External Agency Audit Results
 - Loan Performance (Early Payment Defaults)
 - Investor Feedback (Repurchases, etc.)
 - HUD Neighborhood Watch