



Working Together to Create Sustainable Success

April 2011 Update

Advancing Productivity, Innovation, and Competitive Success





APICS Mission

APICS builds and validates knowledge in supply chain and operations management.

We enable our community of members, affiliates and customers to lead in the global marketplace.



April Board Meeting Summary

- Received Executive Office Report and Balanced Scorecard
- Received International Business Development Update
- Proposed revisions to Committee Handbook and Board Operating Procedures approved
- Received and reviewed 2010 Year End Audit
- Reviewed current financial reports and outlook
- Received Strategic Direction Committee report and approved 2012-2014 Strategic Priorities
- Received Governance Committee report
- Received Channel Partner Agreement Taskforce report
- Received APICS Education & Research Foundation update
- Board discussion: High Performance Board



1st Quarter Activities and Accomplishments

- First quarter ended with a total membership of 35,479, an increase of 3.76% (1,285) over the 2010 year-end total.
- Through March, APICS has seen sixth months of membership growth in a row. The last time this happened was between November 1994, and May 1995.
- The Strategic Direction Committee considered the recommendations from the Board retreat and incorporated them into the 2012-2014 priorities, which were presented for consideration at the April Board meeting.
- The CPA Taskforce worked diligently to prepare a draft of the agreement for Board and channel partner review.



1st Quarter Activities and Accomplishments

- APICS received an unqualified opinion or a 'clean opinion' on 2010 Year-End Audit from Blackman Kallick, LLP.
- Financial results continue to show positive momentum. Net income from operations for YTD March was \$594 thousand, which resulted in a **favorable** variance of \$541 thousand when measured against the YTD March 2011 budget.
- Long-term investments increased to \$2.928 million at 3/31/2011 from \$2.763 million at 12/31/2010, a \$165 thousand increase. The investment portfolio has an unrealized gain of \$93 thousand YTD 3/31/2011.



1st Quarter Activities and Accomplishments

- The Asia Supply Chain and Operations 2011 Conference was co-hosted by APICS and the Singapore Manufacturer's Federation in early April. While the total registration count did not meet expectations, the event was successful in developing our presence and brand and demonstrated APICS' commitment to the Asia region.
- Our CSCP partner, Holmes Corp., was engaged to assess the market for new products or services. The full report will be presented at the July Board meeting.



1st Quarter Activities and Accomplishments

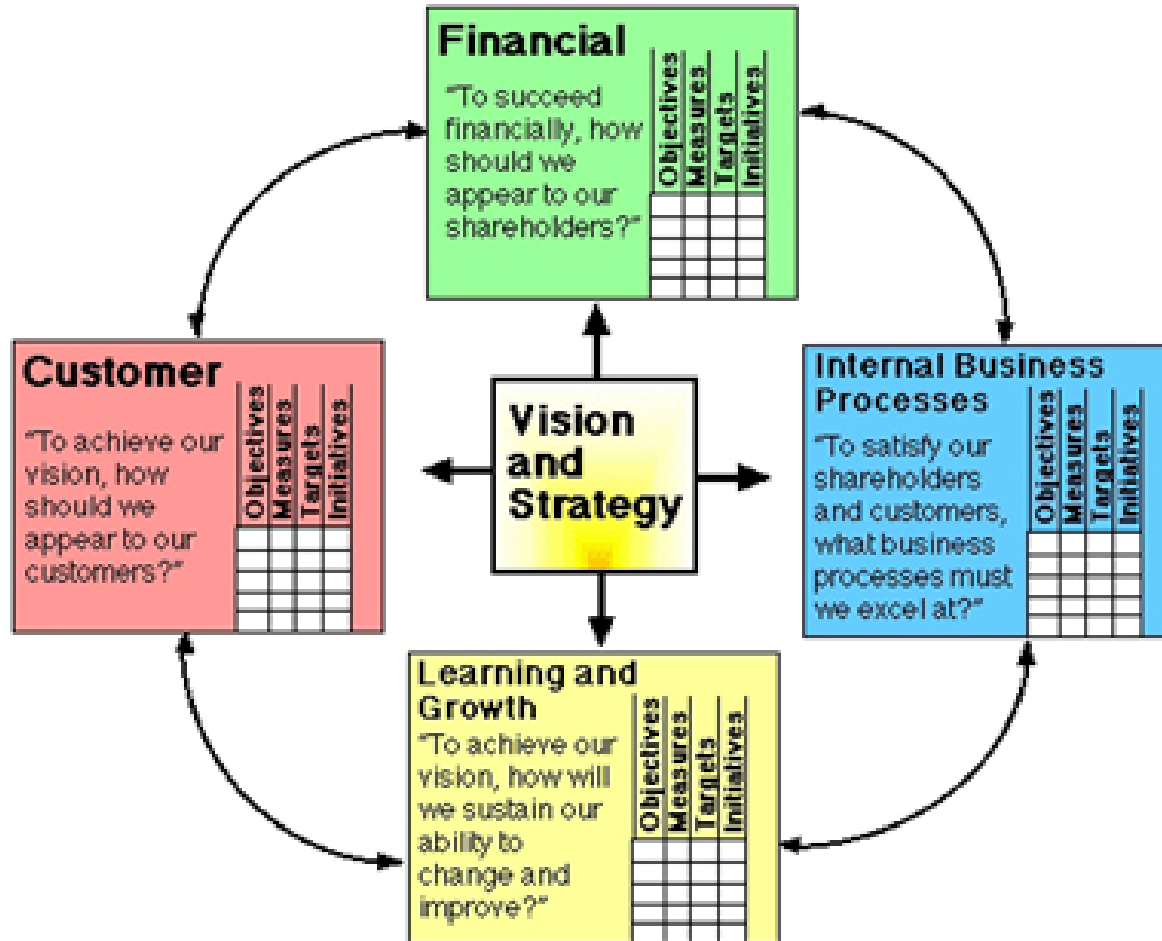
- The CSCP exam is undergoing a major exam update this year due to feedback received from the CSCP Job Task Analysis conducted in 2010 as well as the National Program on Noncollegiate Sponsored Instruction (PONSI) accreditation audit.
- E&R Foundation has approved oversight and management for a certification scholarship fund in memory of Jim Greathouse, Certification Committee Chair.



Balanced Scorecard



Balanced Scorecard





Financial Indicators

KPI	3 Year Goal	Annual Target	YTD Actual	Qtrly Target	Qtrly Actual	Status (Trend)
NOI % (Net Operating Income)	2%	0.59%	11.6%	1.1%	11.6%	↔
NOI (000 Omitted)	N/A	\$115	\$594	\$52	\$594	↔
Revenue (000 Omitted)	N/A	\$19,796	\$5,108	\$4,630	\$5,108	↔
Expense (000 Omitted)	N/A	\$19,680	\$4,514	\$4,577	\$4,514	↔
Reserve Ratio	25%	12.3%	16.7%	N/A	16.7%	↔
Leverage Ratio	1.0	2.09	1.93	N/A	1.93	↔
Current Ratio	1.0	0.43	0.63	N/A	0.63	↔

On/Ahead of Target	Caution	Warning
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Affiliation Indicators

KPI	3 Year Goal	Annual Target	YTD Actual	Status (Trend)
Dues Paying Membership %	1% in 2011, 2% in 2012 3% in 2013	1%	3.75%	
Dues Paying Membership #	34,536 in 2011 34,878 in 2012 35,220 in 2013	34,536	35,479	
Social Networks	+5% Annually	19,105	21,420	
Number of Channel Partners	TBD	TBD	229 Chapters 70 IA/AEPs	TBD

On/Ahead of Target	Caution	Warning
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Content Indicators

KPI	3 Year Goal	Annual Target	YTD Actual	Status (Trend)
Total Sales of Core Products & Services %	5% Annually	2%	25%	↔
CPIM Courseware Sales (000 Omitted)	\$12,797	\$4,254	\$1,310	↔
CSCP Courseware Sales (000 Omitted)	\$5,816	\$1,503	\$614	↔
Product Relevance	North America (NA) 80% Rest Of World (ROW) 70%	77%	TBD	TBD

On/Ahead of Target	Caution	Warning
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Certification Indicators

KPI	3 Year Goal	Annual Target	YTD Actual	Status (Trend)
Exams	3%	28,575	7,001	See below
CPIM – NA	3%	10,352	2,395	Tracking short of 3% over 2010
CPIM – ROW	3%	15,428	3,781	Tracking short of 3% over 2010
CSCP – NA	3%	1,600	516	↔
CSCP – ROW	3%	1,195	309	↔

* Based on 3% year-over-year increase based on 2010 results.

On/Ahead of Target	Caution	Warning
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Process Indicators

KPI	2011 Target	Status (Trend)
Leverage Social Media	Develop Strategy	
Penetration of Corp Segments	Diversified = \$175,000 F&B = \$140,000 Electronics = \$85,000	Diversified under 5% F&B over 8% Electronics under 6%
Strategic Relationships	Value from all strategic relationship totals \$500,000	
CPA Agreement	Perform processes to support agreements by YE 2012	Milestones intentionally delayed
Courseware Update	Minor updates to CPIM Major update to CSCP	

On/Ahead of Target

Caution

Warning



Process Indicators

KPI	2011 Objective	Status (Trend)
On Line Repository	Website redesign to support repository will be complete in 2011	↔
Top 5 Job Titles	Deliver in 2011	↔
On Line Prof Comp Assess.	Define assessment domains and conduct a “proof of concept” survey.	↔
JTA	Begin development on CPIM JTA to be performed in 2012	↔
Corporate Compliance Project	Market evaluation	↔

On/Ahead of Target	Caution	Warning
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Finance



First Quarter Financial Highlights

- Fiscal 2011 is off to a strong start, due to stronger than budgeted YTD revenue.
- March YTD revenues 10.3% above budget – favorable variance. Courseware and Certification performed above budget during Q1 2011.
- March YTD Aggregate expenses are 1.4 % below budget – favorable variance.
- March YTD Net Operating Income \$541k above budget – favorable variance. Higher revenues and lower expenses are responsible. Organization is beginning to scale.
- Liquidity and financial position is improving faster than budget.
- APICS is debt-free for the first time in 3 years.



Balance Sheet Highlights

(\$000 Omitted)	Audit December 2010	March 2011	Variance Favorable/ (Unfavorable)	Variance %
Current Assets	2,173	2,991	818	37.6
Total Assets	8,871	9,665	794	9.0
Current Liabilities	4,564	4,761	197	4.3
Total Liabilities	6,260	6,368	108	1.7
Net Assets	2,611	3,297	686	26.2
Total Liabilities & Net Assets	8,871	9,665	794	9.0



Income Statement Highlights

(\$000 Omitted)	March 2011 YTD Actual	March 2011 YTD Budget	Variance Favorable/ (Unfavorable)
Revenue	5,108	4,630	478
Operating Expenses	4,514	4,577	63
Net Income from Operations	594	53	541
Unrealized Gain/(loss)	93	-	93
Change in Net Assets	687	53	634



Product Performance March 31, 2011

(\$000 Omitted)	Courseware	Certification	Member Services	Conference	Corp Services	Governance & Other	Total
Revenue	1,998	1,414	1,167	16	501	12	5,108
Direct costs	879	873	833	163	253	354	3,355
Gross margin	1,119	541	334	(147)	248	(342)	1,753
Indirect costs	276	273	311	72	44	182	1,159
NOI	843	268	23	(219)	204	(524)	594



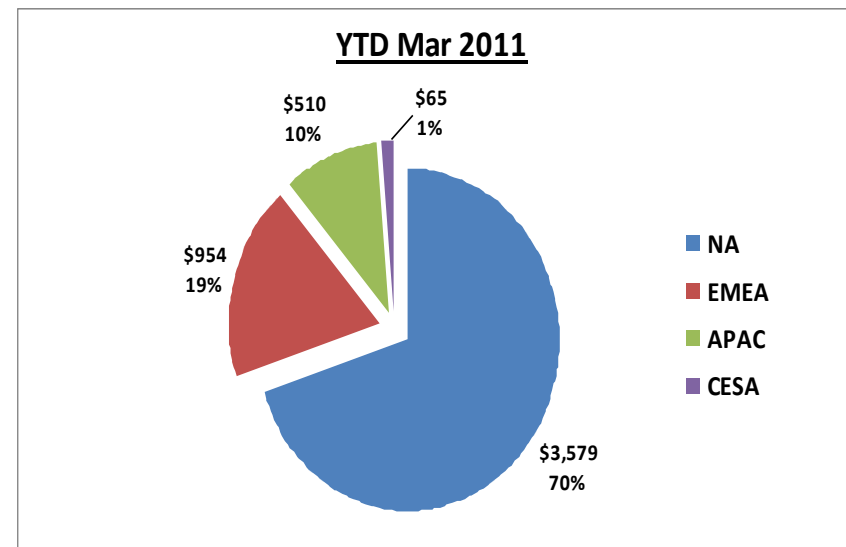
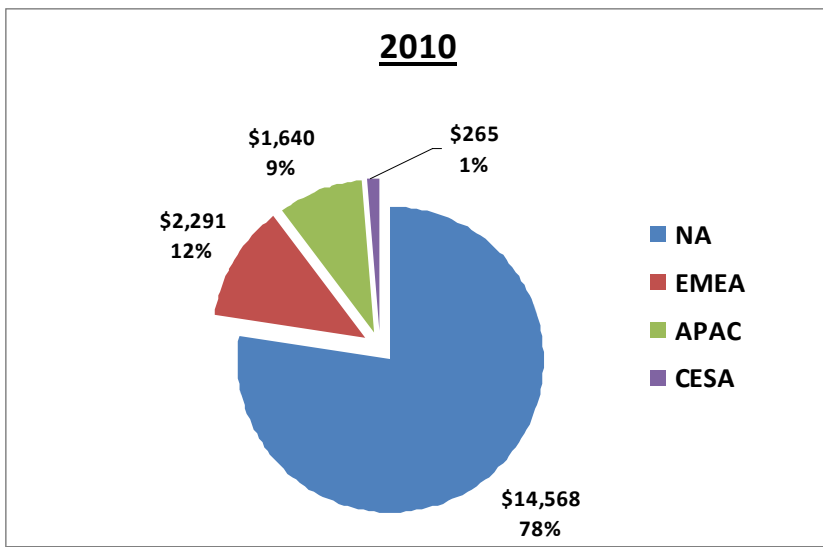
Revenue Comparison as a % of Total

YTD March 2011 v. YTD March 2010 v. FY 2010

	Member Services	Content & Courseware	Events	Certification	Other	Total
March 2011 Revenue	23%	42%	-	29%	6%	100%
March 2010 Revenue	24%	38%	-	31%	7%	100%
Audited 2010 Revenue	23%	32%	10%	29%	6%	100%



Revenue by Region





Expense Comparison as a % of Total

YTD March 2011 v. YTD March 2010 v. FY 2010

	Employee Related	Professional Fees	Printing & Cost of Sales	Occupancy, Utilities & supplies	Governance & Conference	Depreciation & other	Total
March 2011 Expense	37%	21%	15%	12%	6%	9%	100%
March 2010 Expense	37%	22%	15%	13%	6%	7%	100%
Audited 2010 Expense	37%	20%	13%	12%	10%	8%	100%



Key Performance Indicators

	APICS Objectives	2008 Audit	2009 Audit	Audited 2010	YTD March 2011	Budget 2011	Projection 2012	Projection 2013
(\$000 Omitted)								
Leverage Ratio	≤ 1.0	4.47	4.06	2.30	1.93	2.09	1.85	1.27
Current Ratio	≥ 1.0	0.33	0.31	0.48	.63	0.43	0.62	0.87
Profit Ratio	≥ 2.0%	-1.26%	-9.31%	1.2%	11.6%	0.59%	1.41%	3.68%
Reserve Ratio	≥ 25.0%	7.9%	8.5%	14.5%	16.7%	12.3%	17.0%	25.9%



Strategic Directions



Strategic Direction Committee Update

- The Strategic Direction Committee met Feb 28th-Mar 1st to review and develop the strategic priorities for the organization.
- 2012-2014 Strategic Priorities were recommended at the April Board meeting and approved by the Board.
- The strategic process and timeline were reviewed:
 - The BOK, VOC and Certification Committees will meet between April and June to discuss their supporting roles to the strategy.
 - The SDC will meet again Jun 6th to discuss and develop Strategic Objectives and present their recommendations at the July Board meeting.
 - 2012 – 2014 Budget will be developed Aug-Sept 2011.
 - Proposed 2012-2014 Budget will be presented at the October Board meeting for approval.



2012-2014 Strategic Priorities

Affiliation

- Point of Arrival:
 - Affiliation with APICS, as the most respected global supply chain and operations management organization, supports individuals and organizations to achieve and build effectiveness and sustainable growth.
- Goal:
 - Deliver compelling value by providing broad access to both the diverse APICS community and trusted products and services.



2012-2014 Strategic Priorities

Content

- Point of Arrival:
 - APICS is regarded as the definitive source for thought leadership, and as the global standard for supply chain and operations management.
- Goal:
 - Deliver a globally recognized portfolio of products and services that are locally relevant, robust and include emerging topics in supply chain and operations management.



2012-2014 Strategic Priorities

Certification

- Point of Arrival:
 - APICS certifications are globally recognized and valued credentials in supply chain and operations management.
- Goal:
 - Provide relevant certifications that validate individual knowledge and improve organizational performance.



Governance



Governance Committee Update

- The Governance Committee met on March 21, 2011 to review:
 - Open items from 2010 Board
 - January 2011 Board Direction
 - 2010 Nominating Committee and Director-at-Large Selection Committee recommendations
- The Governance Committee presented recommendations on geographic representation and board size.
- The Governance Committee will work on incorporating the list of Board recommendations from the January Board Retreat and the Governance Committee recommendations presented at the April Board meeting to develop a more complete set of recommendations and action plan to the Board.



Channel Partner Agreements



Channel Partner Agreements Taskforce Update

- The objective is that all Channel Partners will have a contractual relationship with APICS by end of 2012.
- Taskforce process and timeline were reviewed:
- A draft agreement will be sent to Chapters on May 2, 2011 for review and comments
- A revised draft agreement will be sent to the Board by July 1, 2011
- A final agreement will be presented at the July 30, 2011 Board meeting
- Although not finalized, based on current discussion with the Board, it has been suggested that when the Channel Partner Agreement goes into effect, the only way to retain the APICS benefits that Chapters currently enjoy is to formally partner with APICS.



Upcoming Events

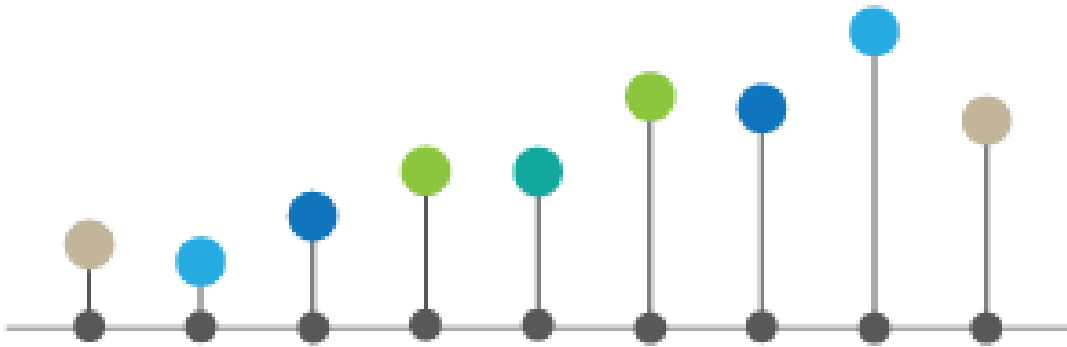


4th Annual Best of the Best Sales and Operations Planning Conference

- Jointly hosted by the Institute of Business Forecasting and Planning and APICS
- June 17-18, 2011 at the Hilton Chicago
- Primary program responsibilities – IBF
- Primary promotion responsibilities – APICS
- With the formation of the Conference Content Subcommittee, APICS is taking a more active role in suggesting speakers this year.
- Visit apics.org/events for more information



Registration Is Open!



Achieving **Sustainable** Productivity

meeting customer demand in an unpredictable world

APICS International Conference and Expo
Pittsburgh, October 23 – 25, 2011

Visit apicsconference.org for more information





QUESTIONS?



Appendix



Channel Partner Agreement Task Force Update April 30, 2011

Advancing Productivity, Innovation, and Competitive Success





Channel Partner Agreement Task Force

Chapter Representatives:

Ron Gilmour – Canada	Dave Lehman – Southeast
John Drzik – Great Lakes	Buck Crouch – Southwest
Lyle Henning – Heartland	Wayne Collins – Terra Grande
Erica Dickson -- PacWest	Jim Timmons – Northeast
Thomas Geraghty – Mid-Atlantic	

Board Representative: Rick Leach

Task Force Leader: Anthony Zampello

Staff Liaisons: Abe Eshkenazi and Pamela Schroeder



Process and Timeline - **Requested**

February – **July, 2011**

- Identify non-standard language sections to be added to the agreement
- Draft verbiage for the non-standard language sections
- Collect input from stakeholders and refine draft agreement



Process and Timeline - Revised

May through July, 2011

- * Board decision on key questions:
 - * What are the benefits of signing
 - * What happens if a chapter doesn't sign

At the July Board Meeting:

- Task Force present draft agreement for Board approval
- Board decides on next steps – who, how, and when
 - Including answers to key questions
 - C-Bar Program revision discussion



Process and Timeline

August - December, 2012

- Board and Individual Chapters implement [negotiate and sign] contracts



Key Dates Summary: February 2011 to December 2012

- March 19th, 2011: Task Force meeting in Chicago
- May 2nd, 2011: Draft to chapters
- May 20th, 2011: Final comments received
- July 1st, 2011: Draft to Board
- July 30th, 2011: Board decision
- **December 31st, 2012: All chapters signed**



QUESTIONS?