



BOARD OF DIRECTORS MEETING

Chicago, IL
July 24, 2010, 7 AM – 4 PM

MINUTES

1. Call to Order

The meeting was called to order by Chair Karl Klaesius on Saturday, July 24, 2010 at 7:00 AM.

2. Roll Call

Secretary-Treasurer Bob Castleman called the roll of the board. The following members, representing a quorum, were present:

Board of Directors:

Karl Klaesius, CPIM, C.P.M.
Eric Schaudt, CPIM, CSCP
Robert Castleman, CPIM, CIRM, CSCP, C.P.M.
Preston Blevins, CFPIM, CIRM, CSCP
Robert Boyle, CFPIM, CIRM, CSCP
Paul Howatt
Keith M. Johnson, CPIM, CSCP
Richard Leach, CPIM, CSCP
Peter Murray, CIRM
Maryanne Ross, CFPIM, CIRM, CSCP
Joe Schriever, CIRM, CSCP
Fred W. Tolbert, CSCP, arrived late
Robert Trent, Ph.D.
Tammy Williams, CPIM, CIRM, CSCP
Anthony Zampello, CPIM, CIRM, CSCP

Chair
Chair-Elect
Secretary-Treasurer
Director, Southwest District
Director-at-Large
Director, Canadian District
Director, Great Lakes District
Director, Pacific Western District
Director-at-Large
Director, Mid-Atlantic District
Director, Terra Grande District
Director, Southeast District
Director-at-Large
Director, Heartland District
Director, Northeast District

Members Absent:

Chris Moye

Director-at-Large

Staff:

Abe Eshkenazi, CPA, CAE, CSCP
Dean Martinez
Bob Collins, CFPIM, CIRM, CSCP
Pamm Schroeder, CAE
Jeff Blumberg, CPA
Colleen Hays
Tom Foley
Henri Wingfield-Jones

Chief Executive Officer
EVP Operations, General Counsel
Director Professional Development
EVP Member Services
Chief Financial Officer
Executive Administrator
Director Member & Customer Service
Director Channel Partner Services

Guests:

Robert Vokurka, Ph.D., CFPIM, CIRM, CSCP, C.P.M.
Nick Testa, CFPIM, CIRM, CSCP

President, E&R Board of Directors
Chair, VOC Committee

3. Approve Consent Agenda

The board received the following reports as part of the consent agenda prior to the meeting:

- Minutes from the April 24, 2010 Board meeting
- Committee Reports:
 - Body of Knowledge (BOK) Committee
 - OMBOK Subcommittee
 - Instructor Subcommittee
 - International Conference Subcommittee
 - Products & Services Subcommittee
 - Certification Committee
 - Voice of the Customer (VOC) Committee
 - Professional Membership Subcommittee
 - Academic Membership Subcommittee
 - Corporate Subcommittee
 - International Subcommittee
 - Market Research Subcommittee
 - Collaboration Committee
 - District Manager Committee
- Old Business

Motion: Tony Zampello moved to approve the consent agenda, excluding the Academic Membership Subcommittee, Professional Membership Subcommittee, Body of Knowledge Committee, Certification Committee, Voice of the Customer Committee and Collaboration Committee Reports. Bob Boyle seconded the motion. The motion was approved unanimously.

4. Leadership Team and Chair's Report

Karl Klaesius reviewed the Chair's Report and also reported on behalf of the Leadership Team, apprising the Board that the team met eight times since the April 2010 Board meeting to discuss:

May 10 & 14

- Nashville Conference update and location change
- July Board meeting agenda

May 20, June 1, 4, 14, 23

- Developing new CEO Compensation Framework
- June 1 and 14 an Ethics Committee issue was discussed also

July 16

- Pre-Board Meeting Review

Karl Klaesius apprised the Board that the Ethics Committee was convened during the 2nd quarter and that the ethics violation was resolved successfully.

In addition, the Leadership Team has asked the current chair of the 2010 Future Leaders to step down, due to lack of progress, and Karl Klaesius and Bob Boyle will assume the role of mentoring the Future Leaders this year.

5. Finance Report

Bob Castleman, Finance Committee Chair, reviewed the focus of the Finance Committee for the 2nd quarter including profit, investment, planning and metrics. Bob Castleman also reviewed financial alignment to strategic goals.

2010 Results/Outlook

Jeff Blumberg presented the June month-end finance report including the income statement highlights, revenue and expense comparisons, and WaterStreet investment report.

Total assets as of June 30, 2010 amounted to \$7,924 million, a decrease of \$2,988 million over June 30, 2009 totals. Total liabilities amounted to \$6,230 million, a \$2,952 million decrease over the prior year total of \$9,182 million. Total net assets as of June 30, 2010 amounted to \$1,696 million, a decrease of \$36 million over the prior year June 30, 2009 balance of \$1,733 million.

Jeff Blumberg also presented Ratio Metrics, Revenue Comparison, Revenue/Expense per Employee, Leverage/Liquidity and Unrestricted Reserves. Board discussion followed.

6. Strategic Direction Committee

Eric Schaudt, Chair of the Strategic Direction Committee, apprised the Board of committee activity and presented the 2011-2013 Strategic Priorities and Objectives.

Mission Statement

Following review and discussion of the mission statement and survey results, one minor edit was suggested by the Board (change reflected in red and underlined):

The **Sense of the Board** was that the APICS Mission Statement should be revised to:

“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.”

In addition, the Strategic Direction Committee should consider the need for a vision statement and bring a recommendation to the Board in 2011.

2011-2013 Strategic Priorities and Objectives

Following review and discussion of the objectives, minor edits were suggested by the Board and are noted in red and underlined below:

2011-2013 Affiliation Objectives:

- Increase our market penetration (sales) within targeted corporate segments.
 - Action Items by 12/31/10:
 - Segments defined
 - Sales by segment (current)
 - Projected Increase
- Increase dues-based membership **from 2010 baseline** by 1% in 2011, 2% in 2012 and 3% in 2013.
- Increase LinkedIn participation by 5% **over the 2010 baseline** each year between 2011 and 2013.
- **To develop a strategy to leverage social media by the end of 2011.**
- Develop relationship with strategic partners that create meaningful long-term revenue as determined by the leadership team.

- Channel partners agreements are completed by the end of 2012.
- Codify and enhance long-term relationship with E&R by January 1, 2011.

2011-2013 Content Objectives:

- Increase total sales of core products** and services each year by 5% without eroding the gross margin through 2013.
- All certification courseware will be updated annually by year-end to align with the exam content manuals and maintain a high level of quality.
- Create an online repository of robust content (articles, research reports, case studies and best practices) that further APICS.org as a destination for operations and supply chain management professionals by the end of 2012. **BOK will continue to govern the private or public access.**
- 80% of member and non-member respondents agree or strongly agree that APICS core products are relevant to them by 2013.
- By the end of 2011, develop a portfolio of products, services and information for the top 5 APICS job titles. The portfolio will include a competency model, job description, recommended path of study and certifications and career survey results tailored to that job title.
- Develop an online professional competency assessment survey that provides data on how certified members are applying APICS BOK on the job by the end of 2012.
****Core products include books and materials (courseware), conference registrations, exhibits, publications, and certifications (indicate certification vs. conference revenue for reference)**

Certification Objectives:

- Increase the number of certification exams by 3% annually through 2013.
- Starting in 2011, implement a regular schedule for performing job task analyses to ensure that APICS exam content manual and certifications are reflective of the knowledge and skills required in the workplace.
- The VOC will assess the market need for measuring and certifying corporate compliance with appropriate standards in our BOK (e.g. divisional scorecard) by year end 2011.

Motion: Peter Murray motioned to accept the Mission Statement and 2011-2013 Strategic Priorities and Objectives as presented with the minor edits as discussed and noted above. Bob Boyle seconded. The motion was approved unanimously.

7. Governance Committee

Director-at-Large Selection Committee

The current at large directors were excused from the Board room and Robert Vokurka, Chair of the Director-at-Large Selection Committee, presented the committee report. The committee identified two new and three current at-large directors for the 2011 Board and recommended the following individuals for approval by the Board:

Chris Moye (2nd year)
 Peter Murray (2nd year)
 Robert Trent (2nd year)
 Mondher Ben-Hamida
 William Lee

Board discussion followed on the background and qualifications of each individual based on the director-at-large criteria approved by the Board at the January 2010 meeting.

Motion: Eric Schaudt motioned to accept the slate of 2011 Directors-at-Large as presented by the Director-at-Large Selection Committee. Joe Schriever seconded the motion. The motion was approved unanimously.

Board discussion continued on the committee's other recommendations which included increasing the number of at large directors on the Board and longer at large director terms.

The current at large directors returned to the Board room. Karl Klaesius announced the approved slate of 2011 Directors-at-Large and thanked the current at large directors for their service this year. Bob Boyle noted that he would not be returning to the Board in 2011 due to personal and work commitments.

Governance Taskforce Report

Keith Johnson, Paul Howatt, Maryanne Ross and Joe Schriever presented the Governance Taskforce Report. Following review and discussion of the taskforce recommendations, one minor edit was suggested by the Board and is noted in red and underlined below:

Minimum Qualifications for all Board Members

- The candidate must be a voting member of the association (APICS member).
- Minimum of a four-year college degree plus 4 years related work experience, or at least 8 years of related managerial experience in supply chain or operations management.
- Three years in a position of cross-functional responsibilities.
- Demonstrated ability to work in a team environment.

District Director Preferred Qualifications

- Professional certification.
- Six years of managerial experience.
- Experience with financial management and budgeting.
- Ability to formulate objectives and priorities, and implements plans consistent with the long-term interests of the organization in a global environment.
- Ability to take a long-term view and build a shared vision with others; acts as a catalyst for organizational change.
- Influences others to translate vision into action. Applies global perspective, considers broad impacts of decisions.
- Ability to lead people toward meeting the organization's vision, mission, and goals. Inherent to this qualification is the ability to provide an inclusive workplace that fosters the development of others, facilitates cooperation and teamwork, and supports constructive resolution of conflicts.

District Director Nominating Committee

Composition and Terms:

- District Nominating Committee will be comprised of five members: two Chapter Presidents selected by Chapter Presidents, the outgoing District Director, plus 2 current Board members (excluding officers).
- All terms shall be for one year, and members may not exceed two consecutive terms.
- If current District Director is running for 2nd term, a third Chapter President from that District shall be added.
- Require 4/5 vote to recommend to Chapter Presidents for a yes/no vote.

Charge:

- Identify and solicit candidates
- Articulate expectations of District Directors
- Interview candidates
- Participate in qualification review discussion and vote

Board discussion continued on the officer nominating qualifications and process, specifically the taskforce recommendation to allow the Board to select the Nominating Committee at the January meeting. Keith Johnson will report on the other taskforce recommendations for consideration by next year's Governance Committee and will send out to the Board.

The **Sense of the Board** was that the 2011 Governance Committee should review the officer nomination process for the Board, geographic representation and other recommendations made by the 2010 Director-at-Large Selection Committee and 2010 Governance Taskforce.

MOTION: Bob Trent moved to approve the Minimum Qualifications for Board Members, District Director Preferred Qualifications and District Director Nominating Committee recommendations as presented by the Governance Taskforce and amended at the July Board meeting, to be implemented in 2011. Tony Zampello seconded. The motion was approved unanimously.

8. Conference Update

Jim Chisholm, 2011 International Conference Subcommittee Chair, joined the meeting via conference call.

2010 Conference Update

Pamm Schroeder, EVP Member Services, and Jeff Blumberg, CFO, presented an update on the 2010 APICS International Conference & Expo to be held in Las Vegas on October 18-20, 2010. Pamm and Jeff provided information on Schedule Changes, Finances and Conference Pacing. To date, there are 616 paid registrations; last year at this time we were at 414, approximately 33% ahead of last year. Room nights at the Wynn are currently at approximately 60% and we will need to meet 80% or better to avoid penalties. Marketing continues, mostly electronic, and the conference program will be mailed out next week. Companies are pulling back overall on sponsorships and exhibits, and a few members have indicated that they will not return this year. We are trying to honor previous commitments, while communicating our new model of sponsorship.

Future Conferences

Bob Boyle, Conference Rethink Taskforce Chair, presented recommendations for future APICS conferences. Following Board discussion, the recommendations were amended as follows:

Recommendation 1:

Divide the current conference committee responsibilities into two separate groups: Conference Content Subcommittee and Local Arrangements Team

Conference Content Subcommittee

- Scope: To develop and implement rolling 3-year conference content plans that aligns with the Strategic Priorities. This subcommittee will work with staff to support the following functions:
 - Selecting conference themes
 - Identifying session tracks and topics
 - Inviting session speakers

- Providing input / feedback on possible general session speakers
- Reviewing conference session evaluations
- Providing ongoing evaluation of the conference model
- Reports to: BOK Committee
- Subcommittee Chair: Selected by the Chair of the Board and BOK Chair from the committee members for a one-year term (renewable twice).
- Member selection and term: The Chair of the Board and Conference Content Subcommittee Chair will select subcommittee members for 3-year appointments with staggered terms **(non-renewable)**.

Local Arrangements Team

- Scope: This team will work with staff in making local arrangements and providing logistical support for the conference. This team will work with staff to support the following functions:
 - Identifying plant tours as necessary
 - Assisting in local marketing and promotion
 - Assisting in District-wide marketing and promotion
 - Providing input into local hospitality arrangements
 - Identifying onsite volunteers as necessary
- Reports to: **Chair Conference Content Subcommittee**
- Team Facilitator: Selected by the **Chair-Elect** of the Board for a 1-year term, **by January 1st each year.**
- Member selection and term: This team will be comprised of members from the general geographic vicinity of the conference location. They will be recommended by the appropriate District Manager(s). Members of this team serve 1-year terms.
- Note: The incumbent Local Arrangement team will conduct a hand-off meeting with the incoming Local Arrangements team at the conference each year.

Recommendation 2

Commission the Voice of the Customer (VOC) Committee to examine the career development needs of specific groups of members/customers (across APICS target geographies) and determine how these needs can be met by participating in the APICS conference.

- Career development needs include level of content, networking, soft skill development, etc.
- The VOC Committee should submit its report to the Body of Knowledge Committee and the Conference Content Subcommittee as background information.
- The VOC Committee should repeat this activity every year on a rolling 3-year horizon to provide time to implement the recommendations resulting from this activity.

Recommendation 3

New opportunities for conferences (e.g., new geography, new topic, new audience) should be subject to the same project financial analysis process as other new offerings.

MOTION: Tony Zampello motioned to accept the recommendations as presented by the Conference Rethink Taskforce and amended at the July Board meeting, to be implemented in 2011. Peter Murray seconded. The motion was approved unanimously.

9. Channel Partner Agreements Update

Abe Eshkenazi, CEO, presented an update on the Channel Partner Agreements which included a review of the Strategic Priorities & Objective, Process and Timeline. Additionally, the Chair of the Board assigned a Channel Partner Agreement Taskforce with the following individuals as members:

Canada – Ron Gilmour
Great Lakes – John Drzik
Heartland – Lyle Henning
Mid-Atlantic – Thomas Geraghty
Northeast – Jim Timmons
PacWest – Elizabeth Hahn
Southeast – Dave Lehman
Southwest – Buck Crouch
Terra Grande – Wayne Collins
Board of Directors:
- Rick Leach
- Tony Zampello

The taskforce will be meeting on a bi-weekly basis, and will present draft channel partner agreements to the Board for approval at the January Board meeting and pending Board approval, will begin implementation thereafter.

10. Board Communication Responsibilities

Karl Klaesius reminded Board members of their fiduciary responsibility to speak as one voice. Board members are constrained as to what they can and cannot say regarding the actions of the Board, keeping in mind that each member represents the Board as a whole. Karl encouraged Board members to spend some time listening to individuals when attending channel partner meetings or events and to stay focused by using the talking points provided after each Board meeting.

11. VOC Committee Update

Nick Testa, Voice of the Customer Committee Chair, presented an update on the VOC Committee detailing committee members, charter, value proposition and goals for the following:

VOC Committee
Academic Subcommittee
Corporate Subcommittee
International Subcommittee
Market Research Subcommittee
Professional Subcommittee

Board discussion followed.

The **Sense of the Board** was that the current requirement of young professional members as a prior student member should be changed so that only verification of previous student status is a requirement.

12. Report of the Executive Office

Member Services Division Update

Pamm Schroeder, EVP Member Services, Henri Wingfield-Jones, Director Channel Partner Services, and Tom Foley, Director Membership and Customer Services presented an update on the departments within the division. The following topics were reviewed:

- District and Chapter Services
- International Services
- Meeting Planning and Events
- Membership and Customer Service
- Membership Marketing Activities
- Career Resources
- Customer Service

The Board was also apprised that individuals can now print their own electronic copies of some APICS materials using the new Secure PDF Distribution - a project that the organization has been working on for the past six months.

Supply Chain Sustainability - UNGC

In June, APICS participated in the Leadership Forum of the United Nations Global Compact, which focuses on improving social and economic performance and good governance to build bottom line profitability and stock holder value. Abe Eshkenazi, CEO, reviewed the core values and participants of the Global Compact, and the opportunities for APICS to develop knowledge and practice standards for our members and customers that make the ideals of the UN Global Compact actionable. The purpose of the Forum was to bring industry leaders together to discuss how to more effectively translate the principles of the Global Compact into practice. Board discussion followed.

The **Sense of the Board** was that APICS should move forward with documenting sustainable supply chain business practices and becoming a recognized signatory to the UN Global Compact.

13. Pulled Consent Agenda Items

The reports pulled from the consent agenda were reviewed: Academic Membership Subcommittee, Professional Membership Subcommittee, Body of Knowledge Committee, Certification Committee, Voice of the Customer Committee and Collaboration Committee Reports. Board discussion followed.

Motion: Keith Johnson moved to approve the reports pulled from the Consent Agenda: Academic Membership Subcommittee, Professional Membership Subcommittee, Body of Knowledge Committee, Certification Committee, Voice of the Customer Committee and Collaboration Committee Reports. Tony Zampello seconded. The motion was approved unanimously.

14. New Business

Abe called the Board's attention to the appendices of the Executive Office Report, asking Board members if this is the type of information they want included the Board book. Bob Boyle mentioned that this was another excellent Board book.

15. Adjourn

A motion to adjourn the meeting was made by Bob Boyle and seconded by Bob Trent. The motion was approved unanimously and the meeting was adjourned.

16. Next Meeting

The next APICS Board meeting is scheduled for October, 16, 2010, in Las Vegas, Nevada at the 2010 APICS International Conference & Expo.

ACTION ITEMS:

- Jeff Blumberg will request data from ASAE on Revenue Comparison for other organizations with individual memberships and certifications, such as ISM, ASQ, etc.
- Jeff Blumberg will post the financials to the Board Community monthly.
- Pamm Schroeder will send updates to the Board on Conference progress via the Board Community.
- Pamm Schroeder will post talking points from the Channel Agreement Taskforce meetings to the Board Community.
- Tom Foley will forward to the Board a copy of the PowerPoint he presented on Career Pathing at the Oklahoma City Chapter PDM in June.
- Pamm Schroeder will post the schedule and conference call-in number for the Channel Partner Agreement Taskforce meetings to the Board Community, so that Board Members can listen in on the discussions with the understanding that they will not participate.