



Working Together to Create Sustainable Success

January 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.



Board Retreat Summary

- Initiated discussion on what constitutes a high performing board
- Oriented new and returning board members to APICS structure and planning process
- Identified key stakeholders
- Discussed APICS current identity and board members' vision for the organization
- Determined that the board and staff should create a balanced scorecard to measure our performance on key metrics.



Board Retreat Summary

- During the retreat, the board agreed that APICS' future is as an
 - Affiliation organization that uses access to content / knowledge to attract individuals to the APICS Community
 - Global organization with standard certification products; customized membership and education services; coordinated brand management; and significant innovation, development, and marketing driven from local offices/partners
 - Thought leader in supply chain and operations management across various industries serving member needs throughout the course of their careers.
- This will serve as the foundation for the Strategic Direction Committee this year who will draft organizational priorities for 2012 – 2014 for board approval.



January Board Meeting Summary

- 2011 board members installed
- 2011 committee chair and member appointments approved
- Reviewed current financial reports and 2011 outlook
- Received Channel Partner Agreement Taskforce report
- Received 2011 conference update
- Received 2011 strategic priority targets
- Received Executive Office Report and 2010 Performance Results
- Proposed revisions to APICS Bylaws, Board Operating Procedures and Committee Handbook approved
- Reviewed Strategic Planning Timeline and Process



January Board Meeting Summary

- **Overall, APICS position in 2010 improved**
- Sales and net income increased
 - The financial results exceeded budget, the year-end latest best estimate projects net income from operations will be in excess of \$250,000, compared to the budget of \$51,000.
 - Membership recruitment exceeded the objective. Membership retention increased for both certified and non-certified members. Overall membership grew by 1.4% in 2010. For the first time since 1999, membership has increased twice within three years.
 - Sales of our core products exceeded expectations, with CSCP Learning System sales setting a record with \$3.025m (our previous all-time high revenue for the LS was \$2.873m in 2008).
 - Certifications exams continued to increase internationally, exceeding budget by 19%.



January Board Meeting Summary

- Satisfaction improved
 - The annual conference in Las Vegas attracted 1,465 paid registrants (44% above the goal of 1,020), which resulted in net revenue exceeding projections by 35%.
 - Based on the evaluation results, 88% of the attendees indicated that the conference met or exceeded expectations; the highest score since tracking began in 2006.
 - The CPIM rewrite, initiated in 2008, was completed and released on time.
 - CPIM and CSCP exams were each accredited with either two or three hours of baccalaureate credit hours by the National Program on Non-collegiate Sponsored Instruction (PONSI).
 - Operations Management Now readership grew to approximately 98,500 weekly readers.
 - The net promoter score improved for Membership, Corporate Support of Channel Partners, and CPIM.



January Board Meeting Summary

- More is expected of the organization in 2011
- Drive more participation from members and increase revenue for both APICS and channel partners
 - Increase market penetration in defined market segments by 3%
 - Increase dues based membership by 1%
 - Increase Linked-in participation by 5%
 - Target and develop partnership plan with key collaborative organizations to increase partnership revenue
 - Upon approval of base channel partner agreement (draft to be delivered at the April Board meeting) begin negotiations with partners



January Board Meeting Summary

- Increase sales of core products, continue to improve relevancy, and drive satisfaction ratings higher
 - Increase revenue from core APICS products by 5% without eroding gross margin
 - Continue to perform annual updates of CPIM and CSCP
 - Launch new publication site on APICS.org and begin marketing as the “go-to destination for information on supply chain and operations management.”
 - Achieve a 77% rating that APICS products and services are relevant to member’s and customer’s positions and careers.
 - Deliver a career services portfolio of information products for the following position titles: Supply Chain Manager; Materials Manager; Distribution/Logistics Manager; Buyer/Planner; Master Scheduler.
 - Begin work on a professional competency assessment to meet the needs of CPIMs, CSCPs, and their employers



January Board Meeting Summary

- Improve corporate performance through certification
 - Increase the number of exams delivered by 3% to 22,500
 - Assess the market need for measuring and certifying corporate compliance with appropriate standards in the BOK (e.g. divisional scorecard)



2011 Board Members



2011 APICS Board Members

Officers:

Eric Schaudt, CPIM, CSCP – Chair

Marc Harris, CPIM, CSCP – Chair-Elect

Stanley Kramer – Secretary-Treasurer

Directors:

Mondher Ben-Hamida, CPIM, CSCP – Director-at-Large

Preston Blevins, CFPIM, CIRM, CSCP – Director, Southwest District

Rick Donahoue, CPIM, CSCP – Director, Mid-Atlantic District

Paul Howatt – Director, Canadian District

Jerry Kilty, CFPIM, CIRM, CSCP – Director, Southeast District

Richard Leach, CPIM, CSCP – Director, Pacific Western District

William Lee, Ph.D., CFPIM – Director-at-Large

Chris Moye – Director-at-Large

Peter Murray, CIRM – Director-at-Large

David Rivers, CFPIM, CIRM, CSCP – Director, Northeast District

Joe Schriever, CIRM, CSCP – Director, Terra Grande District

Robert Trent, Ph.D. – Director-at-Large

Jason Wheeler, CPIM, CSCP – Director, Great Lakes District

Tammy Williams, CPIM, CIRM, CSCP – Director, Heartland District



Governance



2011 Committee Chairs

- Body of Knowledge – Don Sheldon, CFPIM, CIRM, CSCP
- Voice of the Customer – Nick Testa, CFPIM, CIRM, CSCP
- Certification – Ann Gatewood, CFPIM, CIRM, CSCP
- Audit – Tom Hoffmann, Ph.D., CFPIM, CIRM
- Finance – Stanley Kramer
- Ethics - TBD
- Strategic Direction – Marc Harris, CPIM, CSCP
- Collaboration – Peter Murray, CIRM
- District Managers – Eric Somers, CPIM, CIRM, CSCP
- Governance – Karl Klaesius, CPIM, C.P.M.
- Rules & Procedures – Not being seated in 2011
- Director-at-Large Selection – Robert Trent, Ph.D.
- Nominating – Robert Vokurka, Ph.D., CPIM, CIRM, CSCP



Finance



Summary of Financial Position

- **APICS finished 2010 strong and hopefully the momentum will continue throughout fiscal 2011.**
 - Per unaudited results, revenues and Net Operating Income surpassed budget and forecasts.
 - Balance Sheet regained stability throughout 2010 after a difficult 2008 & 2009. Cash flows and working capital increased throughout the year.
 - Net assets improved by \$646 thousand or 38% since Dec 31, 2009.
 - YTD revenues were above budget by \$614 thousand.
 - YTD expenses were higher than budget by \$389 thousand, a direct result of higher than budget revenues.
 - YTD net income from operations is projected at \$276 thousand and ahead of budget by \$225 thousand. YTD investment unrealized gain is \$370 thousand.



Unaudited Fiscal Year 2010 vs. 2010 Budget

(\$000 Omitted)	Unaudited December 31, 2010	Budget December 31, 2010	Variance Positive/(Negative)
Revenue	18,705	18,091	614
Operating Expenses	18,429	18,039	(390)
Net Income from Operations	276	51	224
Unrealized Gain/(loss)	370	-	370
Change in Net Assets	646	51	594



Unaudited Fiscal Year 2010 vs. 2009

(\$000 Omitted)	Unaudited December 31, 2010	Audited December 31, 2009	Variance Positive/(Negative)
Revenue	18,705	17,906	799
Operating Expenses	18,429	19,573	1,144
Net Income from Operations	276	(1,667)	1,943
Unrealized Gain/(loss)	370	1,524	(1,154)
Change in Net Assets	646	(143)	789



Revenue Sources as a % of Total Audited 2009 vs. Unaudited 2010

	Member Services	Program Fees	Content & Courseware	Events	Cert.	Public. & Other	Total
Audited 2009 Revenue	26%	4%	32%	8%	28%	2%	100%
Unaudited 2010 Revenue	23%	4%	32%	10%	29%	2%	100%



Expense Categories as a % of Total Audited 2009 vs. Unaudited 2010

	Employee Related	Professional Fees	Printing & Cost of Sales	Occupancy, Utilities & supplies	Travel, Committee Meetings, & Conference	Depreciation & other	Total
Audited 2009 Expense	35%	20%	12%	10%	12%	11%	100%
Unaudited 2010 Expense	37%	20%	13%	11%	10%	9%	100%



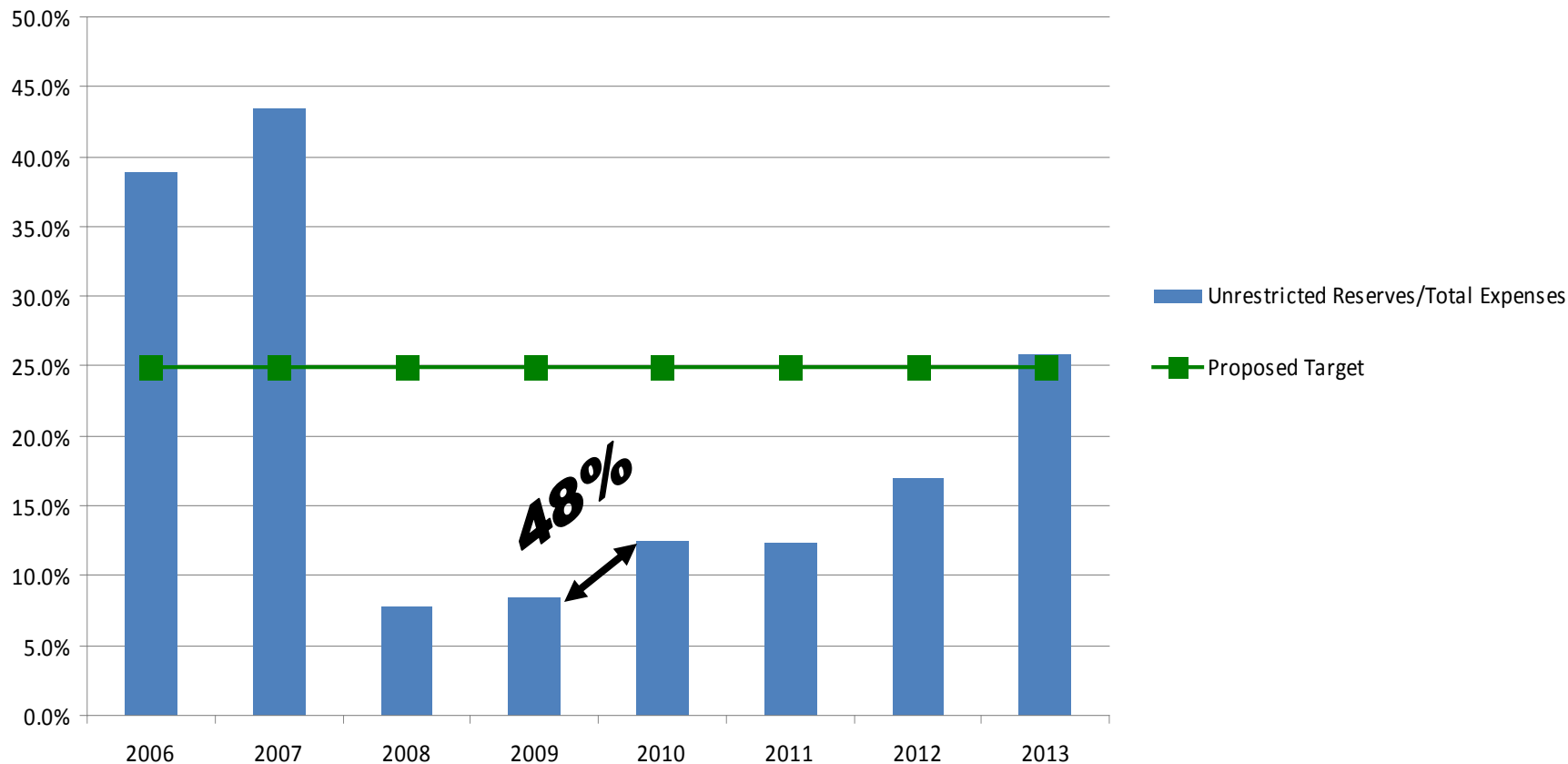
Key Performance Indicators

(\$000 Omitted)	APICS Objectives	ASAE ¹ Benchmarks	2008 Audit	2009 Audit	2010 Unaudited	Budget 2011	Projection 2012	Projection 2013
Leverage Ratio	≤ 1.0	0.83	4.47	4.06	2.23	2.09	1.85	1.27
Current Ratio	≥ 1.0	1.30	0.33	0.31	0.40	0.43	0.62	0.87
Profit Ratio	$\geq 2.0\%$	n/a	-1.26%	-9.31%	1.47%	0.59%	1.41%	3.68%

¹ Source – ASAE Operating Ratio Report, 13th edition, 2008
 n/a –not available



APICS Reserve Ratio (unrestricted reserves as % of annual expense)





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:
 - Currently collecting input from stakeholders and refining draft agreement
 - Goal is to present draft agreements for Board approval at April Board meeting
- The CPA Taskforce will come back to the Board with recommended consequences if a Channel Partner Agreement is not signed.



Upcoming Events



ASIA SUPPLY CHAIN & OPERATIONS 2011

Advancing corporate productivity, innovation, and competitive success

Singapore 7–8 April 2011

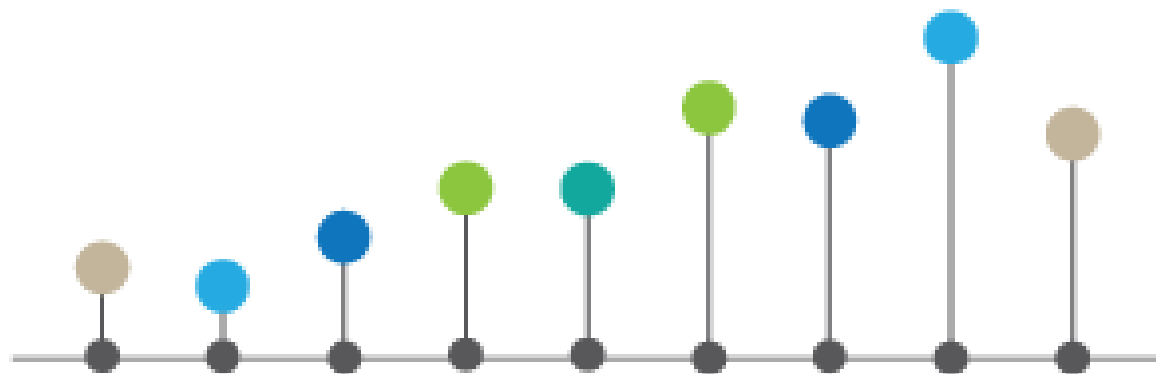


- Hosting with the Singapore Manufacturing Association
- Incentive provided to APICS' Asian partners to drive attendance as well
- Partner meeting in September 2010 set the direction for content
- Will include both Asian and non-Asian speakers
- Singapore Port Authority tour has been arranged for participants



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.



Achieving **Sustainable** Productivity

meeting customer demand in an unpredictable world

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



2011 International Conference Content

- At the 2010 Conference: *Excellence in the New Normal*, speakers explored how to navigate the significant, permanent changes that have occurred at their organizations, in the profession, and in the economy as a result of the global recession.
- In 2011, we are building on that theme and looking at the challenges companies face in the post-recession environment.



2011 International Conference Content

- Based on a review of recent internal and external research, the committee is focusing on addressing issues related to:
 - Volatile customer demand and complex demand patterns
 - Rising customer service expectations
 - Continuing pressure to reduce operations and logistic costs
 - Complexity of supplier networks
 - Risks related to fluctuations in commodity prices; geopolitical instability; and natural disasters
 - Global competition
 - Staying informed and in compliance with local country regulations
 - Growing environmental concerns



QUESTIONS?



Appendix



2010 Performance Results



Membership Priority	2010 Target	2010 Actual	Status
Maintain retention rate at 82% of membership base of the prior year for certified individual members.	82%	89%	Exceeded target by 7 points
Maintain retention rate at 60% of membership base of the prior year for non-certified individual members.	60%	63%	Exceeded target by 3 points
Recruitment of new members equals to 10,000 per year.	10,000	10,267	Exceeded target by 267 members
APICS has a net promoter score for membership of xx% or above by 2012. (Baseline 13%)	improvement	25.4% certified members 12.8 % non-certified members	Met target - increased by total 11.1 points
Increase the number of international members outside North America to <u>5,000</u> by 2012, with at least 60% of these as dual members of local representatives.	2,802	3,612	Exceed target by 810 members. Did not achieve dual membership target.



Channel Partner Priority	2010 Target	2010 Actual	Status
<p>80% of all APICS Channel Partners (IA's, Chapters, AEP's. . .) meet the agreed upon performance measures and/or minimum standards across the globe by 2012. Current standards may include any or all of the following as appropriate:</p> <ul style="list-style-type: none"> • Membership • Certification Programs • APICS Products • Branding and Intellectual Property • Social Responsibility • Meetings and Conferences 	75%	78%	Exceeded target by 3%
<p>All channel partners have a contractual relationship with APICS by 2012.</p>	Plan developed and approved by the July BOD meeting	Plan approved, task force formed, agreement in development	Met target
<p>APICS has a net promoter score for corporate support of xx% or above by 2012 (baseline -34%).</p>	improvement	-20%	Met target - 14 point improvement



Product Priority	2010 Target	2010 Actual	Status
<p>Total annual sales of core products will reach \$18 m by 2012, with 1.5% coming from new products. Core products include books and materials (courseware), conference registrations, exhibits, publications and certifications (indicate certification vs. conference revenue for reference).</p>	<p>13,500,000</p>	<p>14,250,000 (based on 12/10 LBE, Unaudited)</p>	<p>Exceeded target by 750,000</p>
<p>In response to the voice of the customer, APICS will change/modify the delivery of its products and services to a more globally convenient, accessible, and environmentally conscientious manner by 2010.</p>	<p>Distance Learning, electronic issue of APICS magazine delivered electronically.</p>	<p>Distance Learning, issue of APICS magazine as well as Dictionary, select products and marketing materials delivered electronically</p>	<p>Exceeded target</p>
<p>APICS has a net promoter score for products of xx% or above by 2012. (Baseline 23%).</p>	<p>2009 results high. Maintain.</p>	<p>38.3 % for CPIM related products 40.6% for CSCP related products</p>	<p>Exceeded target by total of 2.5 points</p>
<p>80% of North American users and 70% of non-North American users agree that courseware, exams, conferences and publication content is current and relevant to the practice of operations and supply chain management in their market by 2012 (baseline 71% in North America).</p>	<p>75%</p>	<p>Results available with Members and Customer Satisfaction Survey in late January 2011.</p>	<p>TBD</p>



Body of Knowledge Priority	2010 Target	2010 Actual	Status
<p>The number of Certified Supply Chain Professionals across the globe will double (12,000) by 2012 (5,884 as of May 28, 2009).</p>	8,352	8,598	Exceeded target by 246 individuals certified
<p>The number of references to OMBOK Framework in external publications will increase 10% annually through 2012.</p>	7	7	Met target
<p>The VOC, BOK and C&C committees will work together each year to determine which new or emerging issues should be added to the body of knowledge and reflected in appropriate products and services.</p>	<p>3-Yr Strategic Plans for each Functional Committee aligned with Product Lifecycle Management & a pipeline report.</p>	<p>Implementation delayed to 2011 based on a change in the planning process; however the Functional Committees worked together on the 13th edition of the APICS Dictionary to add content, as well as on the 2010 product lifecycle analysis.</p>	<p>Did not meet target</p>



Globalization Priority	2010 Target	2010 Actual	Status
Increase the number of certification exams outside the North American region to 20,257 (5% increase) by 2012.	13,548	16,139	Exceeded target by 2,591 exams
Ensure APICS home office representation is established in each identified International Region by 2012.	1 additional	EMEA Office, Brussels APAC Office, Singapore	Met target
Increase representation of APICS with a least one International Associate (IA) in each identified International Territory by 2012.	1 additional	0	Did not meet target
Increase the percentage of non-North Americans accessing APICS serial publication content (e.g. APICS magazine and Operations Management Now) by 100% (6,000) by 2012.	4,000	9491	Exceeded target by 5,491 readers
Increase the number of non-North Americans attending APICS hosted or sponsored conferences and events to 5,000 by 2012.	2,370	327	Short of target by 2,043 participants



Awareness Priority	2010 Target	2010 Actual	Status
<p>Ensure placement of at least 6 different (non-OMBOK Framework related) stories/interviews in major media outlets in the North American region on an annual basis as well as 2 different stories/interviews in industry press outside of the North American region by 2012.</p>	<p>6 placements, 2 outside NA</p>	<p>18 placements, 4 outside NA</p>	<p>Exceeded target by 12 total placements</p>
<p>Increase the number of employment ads as a percentage of all ads for supply chain or operations management positions that indicate a preference or requirement for APICS certification by 10% annually in postings, e.g. Monster, CareerBuilder, etc. by 2012 as a percentage of all ads (excluding APICS career center). (Baseline 54%)</p>	<p>59%</p>	<p>61%</p>	<p>Exceeded target by 2 points</p>



2011 – 2013 Strategic Priorities



Affiliation Objectives

Objective	Responsibility
<p>Increase our market penetration (sales) within targeted corporate segments.</p> <ul style="list-style-type: none"> • Action Items by 12/31/10: <ul style="list-style-type: none"> • Segments defined • Sales by segment (current) • Projected Increase 	<p>VOC Committee, Marketing, Member Services and Corporate Services Departments</p>
<p>Increase dues-based membership (# of members) by 1% in 2011, 2% in 2012 and 3% in 2013.</p>	<p>VOC Committee, Marketing and Member Services Departments</p>
<p>Increase LinkedIn participation by 5% each year between 2011 and 2013. Baseline - 2010 YE 18,196</p>	<p>VOC Committee, Marketing and Member Services Departments</p>



Affiliation Objectives

Objective	Responsibility
Develop relationship with strategic partners that create meaningful long-term revenue as determined by the leadership team.	Collaboration Committee, Executive Office
Channel partners have agreements with APICS by the end of 2012.	Channel Partner Agreement Taskforce, District Managers, Channel Partner Services Department
Codify and enhance long-term relationship with E&R by January 1, 2011.	Leadership Team of the Board, Executive Office

* Strategic partners are with third-party, non-affiliated organizations with whom there is an agreement to promote each others organizations to build awareness.





Content Objectives

Objective	Responsibility
<p>Increase total sales of core products* and services each year by 5% without eroding the gross margin through 2013.</p>	<p>Marketing, Channel Partner Services</p>
<p>All certification courseware will be updated annually by year-end to align with the exam content manuals and maintain a high level of quality.</p>	<p>BOK Committee, Professional Development Department, Holmes Corporation</p>
<p>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. The Body of Knowledge Committee will continue to govern the private or public access.</p>	<p>BOK Committee, Marketing, Research, Industry Content Departments</p>

**Core products include books and materials (courseware), conference registrations, exhibits, publications, and certifications.*

*** A major update is defined as changes in the exam content manuals that drive changes in the courseware.*





Content Objectives

Objective	Responsibility
<p>80% of member and non-member respondents agree or strongly agree that APICS core products are relevant to them by 2013.</p>	<p>BOK Committee, Certification Committee, PDIC Division</p>
<p>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. Titles include: Supply Chain Manager; Materials Manager; Distribution/Logistics Manager; Buyer/Planner; Master Scheduler.</p>	<p>BOK Committee, Research Department, Career Services</p>
<p>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.</p>	<p>BOK Committee, Research Department</p>

Core products include books and materials (courseware), conference registrations, exhibits, publications, and certifications.





Certification Objectives

Objective	Responsibility
<p>Increase the number of certification exams by 3% annually through 2013.</p>	<p>Marketing and Certification Departments</p>
<p>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.</p>	<p>Certification Committee, Certification Department</p>
<p>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.</p>	<p>VOC Committee, Certification Committee, PDIC Division</p>



Channel Partner Agreement Task Force Update January 29, 2011

Advancing Productivity, Innovation, and Competitive Success





2010-2012 Strategic Priorities

Channel Partners

- **Point of Arrival:** Channel Partners use and contribute to APICS products/services to meet or exceed the needs of local members/customers.
- **Goal:** Channel Partners achieve agreed upon measures
- **Objective:**
 - All channel partners have a contractual relationship with APICS by end of 2012.



Process and Timeline - Revised

June 2010

- Chair of the Board assigns a Task Force comprised of a chapter representative from each district plus up to three board members

Canada – Ron Gilmour
Great Lakes – John Drzik
Heartland – Lyle Henning
Mid-Atlantic – Thomas
Geraghty
Northeast – Jim Timmons
PacWest – Erica Dickson
(replaced Elizabeth Hahn)

Southeast – Dave Lehman
Southwest – Buck Crouch
Terra Grande – Wayne
Collins

Board of Directors:
- Rick Leach
- Tony Zampello



Process and Timeline - Revised

July – August, 2010

- Task Force Convenes to:
 - Define stakeholders (e.g. Board, Chapters, etc.)
 - Identify roles and responsibilities for the stakeholders
 - Finalize Chapter survey
 - Create individual chapter profiles (staff to compile)



Process and Timeline - Revised

September 2010

- Task Force Holds Face-to-Face Meeting to:
 - Review existing documents
 - Provide update for October Board meeting



Process and Timeline - Revised

October 2010

- Task force provides update to Board of Directors

Task force expressed concern regarding timing of the next step in the process. They feel it would be difficult to get appropriate and sufficient feedback from the chapter leaders prior to the January board meeting.

- The board approves extending the due date for a draft agreement to April 2011.



Process and Timeline - Revised

November, 2010 – January, 2011

- Identify standard language elements
 - Create draft of standard language
 - Collect input from stakeholders and refine verbiage
- Provide update to the Board of Directors



Process and Timeline - Revised

February – March, 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

April, 2011

- Present draft agreements for Board approval



Process and Timeline - Revised

May - December, 2011

- Pending Board and Chapter approval of draft agreements, begin negotiations



Stakeholder Roles/Responsibility

	Approve	Inform	Input
Board of Directors	x	x	x
Members (current and potential)		x	
Customers (current and potential)		x	
Chapters	x	x	x
Student Chapters (if handled differently)		x	
Education Providers (Instructors, Academic Institutions, etc.)		x	
Multi-site corporations (including Trans-nationals)		x	
Districts		x	x



Standard Language Sections of Agreement

The following is a list of sections currently included in the “standard language draft” of the agreement:

- Proprietary Confidential Info
- Assignment and Transfer of Rights
- Ethical Standards
- APICS Rights and Responsibilities
- General Indemnification
- Proprietary Rights Indemnification
- Warranties
- Limitation of Liability
- Taxes Duties
- Non-Discrimination
- Intellectual Property
- APICS Link and Logo
- Entire Agreement
- Severability
- Waiver
- General