



BOARD OF DIRECTORS MEETING

Phoenix, AZ

January 29, 2011, 8 AM – 4 PM

MINUTES

1. Installation

Abe Eshkenazi administered the Oath of Office to the Eric Schaudt, 2011 Chair of the Board. Eric Schaudt administered the Oath of Office to Marc Harris, 2011 Chair-Elect and Stan Kramer, 2011 Secretary-Treasurer, and the remaining Directors.

2. Call to Order

The meeting was called to order by Chair Eric Schaudt on Saturday, January 29, 2011 at 8:00 AM.

3. Roll Call

Secretary-Treasurer Stan Kramer called the roll of the Board. The following members, representing a quorum, were present:

Board of Directors:

Eric Schaudt, CPIM, CSCP
Marc Harris, CPIM, CSCP
Stanley Kramer
Mondher Ben-Hamida, CPIM, CSCP
Preston Blevins, CFPIM, CIRM, CSCP
Rick Donahoue, CPIM, CSCP
Paul Howatt
Jerry Kilty, CFPIM, CIRM, CSCP
Richard Leach, CPIM, CSCP
William Lee, Ph.D., CFPIM
Chris Moye
Peter Murray, CIRM
David Rivers, CFPIM, CIRM, CSCP
Joe Schriever, CIRM, CSCP
Robert Trent, Ph.D.
Tammy Williams, CPIM, CIRM, CSCP
Jason Wheeler, CPIM, CSCP

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

Staff:

Abe Eshkenazi, CSCP
Colleen Hays
Jeff Blumberg
Pamm Schroeder
Sharon Rice

Chief Executive Officer
Executive Administrator
Chief Financial Officer
EVP Member Services
EVP Professional Development/Industry Content

Guests:

Francisco Lara
Marco Ugarte, CPIM, CSCP
Jim Breslin, CPIM, CIRM

Phoenix Chapter Executive VP
Phoenix Chapter Member
Chicago Chapter President

Staff and Gallery Guests introduced themselves.

4. Approve Consent Agenda

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

- Minutes from the October, 16, 2010 and December 14, 2010 Board Meetings
- Committee Reports
 - Body of Knowledge (BOK) Committee
 - OMBOK Subcommittee
 - Instructor Subcommittee
 - 2010 International Conference Subcommittee
 - Conference Content Subcommittee
 - Products & Services Subcommittee
 - Certification Committee
 - Voice of the Customer (VOC) Committee
 - Academic Subcommittee
 - Corporate Subcommittee
 - International Subcommittee
 - Market Research Subcommittee
 - Professional Subcommittee
 - Audit Committee
 - Collaboration Committee
 - District Manager Committee
- Old Business

Motion: Peter Murray moved to accept the October 16, 2010 and December 14, 2010 Board Meeting Minutes. Paul Howatt seconded the motion. The motion was approved unanimously.

Motion: Mondher moved to accept the Committee Reports, excluding the Instructor Development Report, Voice of the Customer Report and International Conference Subcommittee Report. Chris Moyer seconded the motion. The motion was approved unanimously.

Motion: Chris Moyer moved to accept the Old Business. Joe Schriever seconded the motion. The motion was approved unanimously.

5. Leadership Team and Chair’s Report

Eric Schaudt reviewed the Chair’s Report and also reported on behalf of the Leadership Team, apprising the Board that the team met three times since the October 2010 Board meeting to discuss:

October 19
2010 LT finalized CEO compensation plan

November 15

2011 LT determined agenda for January Board retreat and Board meeting

November 19

2010 LT met to discuss:

1. A request for a facilitated Channel Partner agreement discussion with an individual chapter
2. Reviewed Finance Committee recommendations for December 14th Board teleconference
3. Deferred Comp CEO Plan
4. A collaboration opportunity

Board discussion continued on the E&R Foundation Memorandum of Understanding (MOU). Stan Kramer, Bill Lee, Jerry Kilty and Marc Harris identified themselves as E&R Foundation Board members and recused themselves from voting on the MOU.

Motion: Bill Lee moved to approve the APICS Education and Research Foundation MOU as presented at the January Board meeting. Jason Wheeler seconded the motion. The motion was approved unanimously.

6. Committee Appointments

Eric Schaudt apprised the Board that appointments for the following committees were approved by the Board via electronic vote on January 27, 2011:

- BOK Committee and Subcommittees
- VOC Committee and Subcommittees
- Certification Committee and Subcommittees
- Audit Committee
- Finance Committee
- Strategic Direction Committee
- Collaboration Committee
- District Manager Committee

The Board reviewed committee terms, composition and possible candidates for the Nominating Committee, Governance Committee, Director-at-Large Selection Committee and District Director Nominating committee. The following individuals were appointed to serve on 2011 committees:

Nominating Committee

Robert Vokurka – Chair
Mondher Ben-Hamida
Preston Blevins
Chris Moye
Mel Nelson
Lisa Ross

Director-at-Large Selection Committee

Bob Trent - Chair
Peter Murray
Johnny Rungtusanatham
Jason Wheeler
QQ Zhao

Governance Committee

Karl Klaesius - Chair
Paul Howatt
Chris Moye
Joe Schriever

District Director Nominating Committee

Rick Donahou
Joe Schriever

Following Board discussion on the Director-at-Large selection process, *the sense of the Board was that the Board encourages the committee to use a closed loop process, ensuring that every candidate nominated receives a letter notifying them of their nomination and that once the committee has completed the interview process all candidates are notified of the outcome.*

The Board discussed Director-at-Large attributes and agreed on the following:

2012 Director-At-Large Attributes

- Diversity
- Marketing
- Global perspective
- Currently or previously worked and lived outside North America
- Target segments - industry
- VP or C Level in F1000 or equivalent
- Academician
- Circle of Influence outside our typical profile
- Experience or role within a targeted segment
- Thought leader
- Experience with channel partner or distribution channel transformation,

Emphasis on:

Voice of the customer/marketing

Thought Leader – industry analyst

Global/International work

Circle of Influence outside our typical profile

Non-traditional

Diversity

7. Finance Report

Stan Kramer, Finance Committee Chair, reviewed the Finance Committee members' background and experience.

2010 Unaudited Year End Projection

Jeff Blumberg, Chief Financial Officer, presented the Finance Report which included a review of the November month-end financials and unaudited fiscal year 2010 financials. Board discussion followed.

2011 Outlook / Cash Flow

Jeff Blumberg also apprised the Board on key performance indicators, recommended reserve ratio, 3 year cash flow projection and status of the APICS contingency fund. Board discussion followed on increased overall revenue, conference revenue/risk, product profitability management, international development and Graystone contingency fund recommendations.

Motion: Peter Murray moved to have the Finance Committee put together a balanced score card report. Joe Schriever seconded. The motion was approved unanimously

Board discussion continued on the Audit Committee recommendation for the 2010 auditors.

Motion: Stan Kramer moved to approve the Audit Committee recommendation of Blackman Kallick as independent auditors for the APICS 2010 fiscal year independent financial audit. Jerry Kilty seconded. The motion was approved unanimously.

Board discussion continued on the current APICS Investment Policy.

Motion: Stan Kramer moved to approve the Finance Committee recommendation that the Board of Directors vest the Finance Committee with the responsibility of managing the APICS investment (contingency) fund, effective January 1, 2011. Jason Wheeler seconded. The motion was approved unanimously.

8. Channel Partner Agreements Update

Rick Leach, Channel Partner Agreements Task Force member, presented an update on the progress of the task force, including the process and timeline. The task force is currently collecting input from stakeholders and refining draft agreements and the goal is to present draft agreements for Board approval at April Board meeting. The task force did not make any recommendations to the Board.

Following Board discussion, the *Board directed the CPA Task Force to come back to the Board with recommended consequences if a Channel Partner refuses to sign the Channel Partner Agreement.*

9. 2010 Conference Update

Sharon Rice, EVP Professional Development / Industry Content, presented an update on the 2011 conferences and the work of the 2011 Conference Content Subcommittee. Board discussion continued on the annual conference theme & content, how speakers are identified and how the Board could have input into the process. The subcommittee is planning on presenting to the Board at the July Board meeting.

10. Executive Office Report

Abe Eshkenazi, CEO, presented the 2010 year-end results on the APICS strategic priorities, highlighting sales and net income increases and improved member satisfaction.

Governance Document Updates

The proposed revisions to the APICS Bylaws, Board Operating Procedures and Committee Handbook were discussed and Abe Eshkenazi apprised the Board that the proposed changes were being made to ensure consistency in substance and language between the governance documents.

MOTION: Chris Moye moved to approve the proposed changes to the APICS Bylaws, Board Operating Procedures and Committee Handbook as presented at the January Board meeting. Jason Wheeler seconded. The motion was approved unanimously.

11. Strategic Direction Committee

The 2011 Strategic Direction Committee, chaired by Marc Harris, will be convened February 28th in Chicago. The Board reviewed the Integrated Planning Process and following discussion at the Board retreat, directed the Strategic Direction Committee to use the following as the foundation for drafting the 2012-2014 priorities:

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

Following discussion on structure and governance, the Board also recommended that the Governance Committee consider the following during its discussions:

- Board members should represent the future of APICS (where we're going vs. where we've been). Composition should address stakeholders.
- Board member qualifications should be tied to strategic directions.
- Qualifications for all Board members should be consistent
- BOD must have a global perspective and awareness
- Representation should not necessarily be based on geography
- Preference is to not expand the Board
- Functional committees should have representation of key markets and stakeholders
- Consider adding a Globalization Committee to the standing committees to address the APICS Globalization strategy

12. Pulled Agenda Items

The reports pulled from the consent agenda were reviewed: Instructor Development Subcommittee Report, VOC Committee Report and the 2010 International Conference Subcommittee Report. Board discussion followed.

Motion: Paul Howatt moved to approve the pulled reports: Instructor Development Subcommittee Report, VOC Committee Report and the 2010 International Conference Subcommittee Report. Jason Wheeler seconded. The motion was approved unanimously.

13. New Business

The Board discussed the following new business topics:

- District Director Nominating Committee process
- District Manager Communication
- APICS Committees and number of individuals serving on multiple committees
- Balanced Score Card and Financial Dashboard
- Vision Statement
- Shipping costs to Europe and underrepresentation of International Partners
- International conference location suggestions – Dubai, Beirut, Tunis
- Joint disaster relief – logistic support, working with ALAN

14. Adjourn

A motion to adjourn the meeting was made and seconded. The motion was approved unanimously and the meeting was adjourned.

15. Next Meeting

The next APICS Board meeting is scheduled for April 29-30, 2011, in Chicago, IL at the APICS Corporate Headquarters.

ACTION ITEMS:

- Abe Eshkenazi will send the current District and Chapter Handbook to the Board.
- Finance Committee will assess the risk associated with the annual conference due to significant business disruption such as terrorist activities and determine our anticipated expenses if revenue does not come in as budgeted.
- Jeff Blumberg will forward the Graystone Consulting recommendations report to the Board.
- The following will be added to future finance reporting:
 - The terms Positive / (Negative) changed to Favorable / Unfavorable
 - Product profitability report
 - Revenue by region
- Sharon Rice will schedule a teleconference with the Conference Content Subcommittee and the Board for an open dialog discussion on the annual conference.
- The District Director Nominating committees from each district will provide a report to the Board on the process and outcome in 2011.
- In an effort to improve District Manager /Board communication, the Board meeting agendas will be posted on the DMC Community prior to each meeting. In addition, Eric Schaudt and Abe Eshkenazi will set up a conference call with the DMC after every Board meeting to address any questions or any information about the meeting.
- By April a draft Balanced Score Card will be developed to map our existing metrics, creating one measure for each block of existing priorities for 2011 and will forward to the Board for review.
- Finance Committee will create the first Financial Dashboard for review at the April Board meeting.
- The revised 2011 APICS committee member list will be distributed after the Board meeting.
- The Strategic Direction Committee will work on a Vision Statement to present at the April Board meeting.