



Working Together to Create Sustainable Success

APICS Board of Directors Meeting Update

January 2012

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

- Reviewed the similarities and differences between nonprofit and for profit organizations
- Initiated discussion on the benefits of being nonprofit while operating more like a for profit
- Discussed and developed a statement of intent
- Developed recommendations for the 2012 Strategic Direction Committee
 - This will serve as the foundation for drafting the organizational priorities for 2013 – 2015 for board approval.



Board Recommendations to 2012 Strategic Direction Committee

- Promote higher satisfaction among those affiliated with APICS
- Assess product portfolio so all products and services are sustainable, add value, and ROI
- Increase use of technology
- Emphasize younger/sooner affiliation
- Evaluate delivery modalities
- Enhance visibility of all APICS customers



Board Recommendations to 2012 Strategic Direction Committee

- Increase speed to benefit
- Develop bold, creative ideas
- Develop a channel strategy
- Consider and evaluate our corporate intelligence
- Identify emerging topics
- Consider implications of the plan beyond 3 years



Integrated Strategic Planning Process

Priorities
January - April

Objectives
April - July

Budget
July - October

Staff/VOC	BOD	SDC	BOD	BOK, CC, VOC, & Finance	SDC	BOD	Staff	Finance Committee	BOD
Provide Data for Board Evaluation	Approve SDC Members Evaluate Internal/External Factors Provide Input to SDC	Develop Priorities	Approve Priorities	Develop Objectives	Review & Finalize Priorities and Objectives	Approve Priorities & Objectives	Develop Budget & Operating Plan	Review Budget & Operating Plan	Approve Budget



January Board Meeting Summary

- Installed 2012 board members
- Revised and approved APICS Board Operating Procedures and Committee Handbook approved
 - Minor changes made
- Received Channel Partner Agreement
 - Approved removing the statement: “APICS will limit sales of Instructor Materials in North America to Chapters only” from the North American Chapter Agreement.
- The Board requested a complete marketing and promotion plan be developed for the CPA rollout.



January Board Meeting Summary

- Approved 2012 committee chair and member appointments
- Reviewed current financial reports and 2012 outlook
- Discussed and determined 2013 Director-at-Large attributes
- Reviewed strategic planning timeline and process
- Approved the Audit Committee recommendation for independent auditor for the 2011 fiscal year financial audit
- Received Executive Office Report including Balanced Scorecard and Strategy Map



4th Quarter Activities and Accomplishments

- Staff anticipate meeting or exceeding most, if not all, of the strategic objectives.
- Financial results from operations indicate that the organization will significantly exceed budgeted net operating income and the reserve ratio will be significantly strengthened.
- CSCP Learning System sales and exam registrations exceeded 2010 actual sales and 2011 budget making 2011 the best year in the program's history.



4th Quarter Activities and Accomplishments

- The CSCP upgrade was completed and released on time.
- Membership growth was achieved in every category.
- Exam sales and designations awarded continue to grow, most notably in the international market.



Governance

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2012 APICS Board Members

Officers:

Marc Harris,, CPIM, CSCP – Chair

Bob Boyle, CFPIM, CIRM, CSCP – Chair-Elect

Mondher Ben Hamida, CPIM, CSCP – Secretary-Treasurer

Directors:

Luis Barcon, CPIM, CIRM, CSCP – Director, Terra Grande District

William Bickert – Director-at-Large

Norman Carmichael, CPIM, CSCP - Director, Southwest District

Bintong Chen, Ph.D. – Director-at-Large

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

Paul Howatt – Director, Canadian District

Vadim Kapustin – Director-at-Large

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

Al Kuebler – Director-at-Large

Merri Rich, CPIM – Director, Pacific Western District

Dana Riess, CPIM – Director-at-Large

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

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

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



2012 APICS Committee Structure

Functional Committees

Body of Knowledge (BOK) Committee
 OMBOK Subcommittee
 Conference Content Subcommittee
 Products & Services Subcommittee
 Instructor Subcommittee

Certification Committee
 CPIM Subcommittee
 Basics of Supply Chain Management
 Strategic Management of Resources
 Master Planning of Resources
 Detailed Scheduling & Planning
 Execution & Control of Operations
 CSCP Subcommittee

Voice of the Customer (VOC) Committee
 Academic Subcommittee
 Corporate Subcommittee
 International Subcommittee
 Market Research Subcommittee
 Professional Subcommittee

Structural Committees

Audit Committee

Collaboration Committee

Director Nominating Committee

District Manager Committee

Ethics Committee

Finance Committee

Governance Committee

Officer Nominating Committee

Rules and Procedures Committee

Strategic Direction Committee



2012 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 – Dana Riess, CPIM
- Finance – Mondher Ben Hamida, CPIM, CSCP
- Ethics - TBD
- Strategic Direction – Bob Boyle, CFPIM, CPIM, CSCP
- Collaboration – TBD
- District Managers – Tim Wilson, CFPIM, CIRM, CSCP
- Governance – TBD
- Rules & Procedures – Not being seated in 2012
- Director Nominating– Eric Schaudt, CPIM, CSCP
- Officer Nominating – TBD



2013 Director-at-Large Attributes

Contribute to

- Board diversity
- Marketing acumen
- Global perspective
- Insights into target segments – industries (experience or role within a targeted segment)
- Level of board discussions (VP or C- level position in Fortune 1000 company)
- Representation of the academic community
- Broaden our circle of Influence
- Thought leadership
- Channel partner or distribution channel transformation
- Attracting members sooner in their careers, when they are younger
- Sophistication in our use of social media
- Non-North American representation (reside outside North America)
- Understanding of how information technology can transform APICS
- Attention to risk management as a part of our body of knowledge
- Experience with quality in service management



Balanced Scorecard

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Financial Indicators

KPI	3 Year Actual 2009-2011 ¹	3 Year Goal 2011-2013	Annual Target 2011	YTD Nov Actual	Status
NOI % (Net Operating Income)	2.0%	2%	0.59%	11.1%	
NOI (000 Omitted)	\$1,194	N/A	\$115	\$2,221	
Revenue	\$59,259	N/A	19,796	19,941	
Expense	\$58,065	N/A	19,680	17,720	
Reserve Ratio	15.6% ²	≥ 25%	12.3%	22.9%	
Leverage Ratio	2.55 ²	≤ 1.0	2.09	1.30	
Current Ratio	0.55 ²	≥ 1.0	0.43	0.85	

¹ - 3-year actual January 2009 - November 2011, plus December 2011 LBE

² - 3-year actual average January 2009 - November 2011, plus December 2011 LBE

On/Ahead of Target	Caution	Warning
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Affiliation Indicators

KPI	3 Year Goal	Annual Target	YTD Nov Actual	Status (Trend)
Dues Paying Membership %	1% in 2011, 2% in 2012 3% in 2013	1%	5%	
Dues Paying Membership #	34,536 in 2011 34,878 in 2012 35,220 in 2013	34,536	36,056	
Social Networks	+5% Annually	19,105	29,260	
Number of Channel Partners	TBD	TBD	226 Chapters 80 IAs/AEPs	TBD

On/Ahead of Target

Caution

Warning



Content Indicators

KPI	3 Year Goal	Annual Target	YTD Nov Actual	Status
Total Sales of Core Products & Services %	5% Annually	2%	20.5%	↑
CPIM Courseware Sales	\$\$	\$4,254	\$4,668	
CSCP Courseware Sales	\$\$	\$1,503	\$1,731	
Product Relevance	North America (NA) 80% Rest Of World (ROW) 70%	77%	Certification Courseware 88% APICS Magazine 82% APICS Dictionary 89% OMBOK 62%	TBD

On/Ahead of Target	Caution	Warning
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Certification Indicators

KPI	3 Year Goal	Annual Target	YTD Nov 2010	YTD Nov 2011	% Inc	Status (Trend)
Exams	3%*	28,575	21,272	23,316	9.6%	
CPIM – NA		10,352	9,109	9,346	2.6%	
CPIM – ROW		15,428	10,207	11,547	13.1%	
CSCP – NA		1,600	1,289	1,594	24%	
CSCP – ROW		1,195	667	829	24%	

* 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	Target achieved
Penetration of Corp Segments	Diversified = \$175,000 F&B = \$140,000 Electronics = \$85,000	Target achieved
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	Target achieved

On/Ahead of Target	Caution	Warning
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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	Target achieved
On Line Prof Comp Assess	Define assessment domains and conduct a “proof of concept” survey	↔ Put on Hold
JTA	Begin development on CPIM JTA to be performed in 2012	↔
Corporate Compliance Project	Market evaluation	Target achieved

On/Ahead of Target	Caution	Warning
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Financial Report

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2011 Financial Highlights

- APICS products and services contributed to our strong financial performance in 2011.
- We achieved budgeted margins on core products.
- The finance committee has authorized the long term investment of \$1.6 million with our investment advisors.



Balance Sheet Highlights

(\$000 Omitted)	November 2011	November 2010	Change Increase/ (Decrease)	Change %
Current Assets	3,951	2,338	1,613	69%
Total Assets	10,543	7,981	2,562	32%
Current Liabilities	4,628	5,820	(1,192)	(20%)
Total Liabilities	5,966	6,074	(108)	(2%)
Net Assets	4,577	1,907	2,670	140%
Total Liabilities & Net Assets	10,543	7,981	2,562	32%



Income Statement Highlights

(\$000 Omitted)	November 2011 YTD Actual	November 2011 YTD Budget	Variance Favorable/ (Unfavorable)
Revenue	19,941	17,529	2,412
Operating Expenses	17,720	17,739	19
Net Income from Operations	2,221	(210)	2,431
Unrealized Gain/(loss)	(252)	-	(252)
Change in Net Assets	1,969	(210)	2,179



2011 Latest Best Estimate (“LBE”)

(\$000 Omitted)	LBE 2011	Budget 2011	Variance Favorable/ (Unfavorable)
Revenue	22,649	19,797	2,852
Operating Expenses	19,974	19,681	(293)
Net Income from Operations	2,675	116	2,559
Unrealized Gain/(loss)	(252)	-	(252)
Change in Net Assets	2,423	116	2,307



Product Performance November 30, 2011

(\$000 Omitted)	Courseware	Certification	Member Services	Conferences	On-site & On-Line Training	Governance & Other	Total
Revenue	6,861	5,377	4,607	1,970	1,072	54	19,941
Direct costs, including ERE	3,775	3,790	3,105	1,553	881	101	13,205
Gross margin	3,086	1,587	1,502	417	191	(47)	6,736
Indirect costs	1,150	1,189	1,345	347	149	335	4,515
NOI	1,936	398	157	70	42	(382)	2,221



Revenue Comparison as a % of Total

YTD November 2011 v. YTD November 2010 v. FY 2010

	Courseware	Certification	Member Services	Conferences	On-Line/On-site Training & Other	Total
November 2011 Revenue	32%	27%	22%	10%	9%	100%
November 2010 Revenue	32%	25%	24%	11%	8%	100%
Audited 2010 Revenue	32%	29%	23%	10%	6%	100%



Expense Comparison as a % of Total

YTD November 2011 v. YTD November 2010 v. FY 2010

	Employee Related	Professional Fees	Printing & Cost of Sales	Occupancy, Utilities & supplies	Governance & Conference	Depreciation & other	Total
November 2011 Expense	36%	23%	13%	10%	11%	7%	100%
November 2010 Expense	37%	18%	13%	12%	11%	9%	100%
Audited 2010 Expense	37%	20%	13%	12%	10%	8%	100%



Key Performance Indicators

	APICS Objectives	2008 Audit	2009 Audit	2010 Audit	Budget 2011	YTD November 2011	LBE 2011
Leverage Ratio	≤ 1.0	4.47	4.06	2.30	2.09	1.30	1.11
Current Ratio	≥ 1.0	0.33	0.31	0.48	0.43	0.85	0.82 ¹
Profit Ratio	$\geq 2.0\%$	-1.26%	-9.31%	1.2%	0.59%	11.1%	11.8%
Reserve Ratio	$\geq 25.0\%$	7.9%	8.5%	14.5%	12.3%	22.9%	25.1%

¹ \$500k transferred from operating account to investment account in December 2011.



3 Year Cash Flow Projection from Operations

(\$000 Omitted)	2012	2013	2014
Cash beginning of period	1,074	1,735	2,718
Net increase in cash	661	983	1,290
Cash end of period	1,735	2,718	4,008

Above chart assumes no contribution to investment fund



Other Updates

Advancing Productivity, Innovation, and Competitive Success





Upcoming APICS Events



**ASIA SUPPLY CHAIN &
OPERATIONS 2012**

Two conferences in one week
Seoul, Korea April 2– 3
Shanghai, China April 5– 6

**BEST OF THE BEST SALES AND
OPERATIONS PLANNING (S&OP)
CONFERENCES**

Jointly sponsored by APICS and IBF
London, England May 10– 11
Chicago, Illinois June 14– 15

Visit apics.org/events for more information.



Expanded Digital APICS Magazine. Relevant Career Resources. New Ways to Engage with the Supply Chain and Operations Management Community.



You can connect to **APICS** in all-new ways.

APICS is pleased to announce a newly redesigned website with expanded features and benefits for APICS members, customers, and certification designees.



New Publications

- Career Packs for supply chain managers; materials managers; buyer/planners; master scheduling managers; and distribution and logistics managers
- Practitioner Research and APICS Folios cover sales and operations planning; supply chain strategy; supply chain risk; and supply chain sustainability
- Career Packs and Practitioner Research studies free to members through APICS.org. Folios available for \$19.95.
- All available for immediate electronic download.





CSCP Learning System

- Major update for 2012 reflecting changes in the domains of the exam content based on the 2010 job task analysis study
- To better serve our exam candidates who may have purchased an earlier version, we will be offering the 2011 and the 2012 version of the exam until June 23, 2012 for paper exams and May 18th for CBT.





Principles of Operations Management

- Three courses in the Principles series now available.
- Manufacturing Management
- Principles of Operations Planning
- Principles of Inventory Management
- Individual sessions of any of the courses can be combined to create a customer course with custom participant guides.

