

CAM-I Projects

Cost Management and Target Costing

Description:

Supplier Costing - Many manufacturers use models to develop cost estimates for parts. These models typically use ideal manufacturing processes which do not always translate to the real world. As such, there is often a discrepancy between manufacturer estimates for a supplied part and actual supplier costs. When suppliers do not provide cost transparencies the only effective option for understanding a supplier's cost structure, thereby improving internal manufacturer cost estimates, is an on-site supplier assessment. The group will finalize the deliverable of a proposed process and training to enable this assessment.

This will show –

- processes and templates necessary for conducting on-site supplier cost assessments and gathering the essential information to support improving a supplier cost model;
- Guideline for cost engineers and procurement personnel that facilitates understanding of conducting on-site supplier cost assessments and uncovering key elements that impact supplier cost structures; and
- key data and assumptions necessary to support developing on-site supplier cost assessments, along with recommendations on how to best store and maintain this information

Value Management - Organizations often struggle with defining and quantifying the value that they create. This is particularly true for internal business support functions. The nature of these functional areas is such that the activities and processes being performed are often hard to measure from a "value add" perspective and it is difficult to link any value being created to the resources providing the value. Aside from the nature of business support functions, value itself is difficult to define - it is inherently customer focused which makes objective measurement difficult; it changes over time; and the same output is often perceived very differently by different customers. There appears to be no single, universal answer to the question of quantifying value for a business support function. The nature of an organization (size, complexity, domain, etc.), how it organizes its support functions, and even its culture will affect how it defines and measures value. However, a well-defined value framework could provide a focal point and tool that can be used by all organizations to help define value while accounting for organizational uniqueness. The group's objective is to assist member organizations in understanding and quantifying the value business support functions bring to an organization. This will be achieved through the development of a framework that will enable member organizations to consistently define the value business support functions bring to an organization and thereby allow cost / value trade-off's to be quantified and considered. The work on value management is being led by the CAM-I UK chapter with support from US based members.

Defining Value for Services – The group will kick-off the re-examination of a 2014 CAM-I deliverable focused on quantifying value for service-based organizations. Historically, target costing and value analysis is more easily applied to the manufacturing of a product. Services can present nuanced challenges in quantifying the processes performed and the importance to the customer. The group will review project member's value mapping experience to-date and further explore gaps in the existing body of knowledge around quantifying value.

Chair:

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Performance Management

Description:

Recognizing that organizations face many conflicting priorities to effective strategy execution, the PM Interest Group has developed the CAM-I Performance Management Framework (PMF).

PMF helps organizations to determine:

- **WHAT** initiatives to focus on to improve performance
- **WHERE** to best deploy scarce resources
- **HOW** to measure improvement to validate success

PMF is a holistic methodology that identifies **key enablers** influencing business performance. The 10 step implementation framework pinpoints **gaps in enabler maturity** and, depending on the assessed **level of organizational readiness**, recommends specific techniques to improve performance as well as appropriate **measures to track** the improvement.

Recent publication (jointly with CPA Canada): The CAM-I Performance Management Framework Executive Overview – How to Evaluate and Improve Organizational Performance

Using feedback from recent member PMF implementations and the awareness training conducted at the last quarter meeting, the Interest Group is completing the restructuring of the full PMF implementation methodology and the Facilitator Certification program.

Chair:

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Integrated Risk and Value Management

Description:

To be in business is to face a constant stream of potential risks that can disrupt daily activity and put the future of the organization in jeopardy. However, what if the organization were able to assess their potential risks for enterprise value? Robust organizations know how to take on measured risks that boost returns to stakeholders. If handled properly, it may even be possible to increase stakeholders' perceived value when taking on incremental risk. The goal of the Integrated Risk and Value Management interest group at CAM-I is to explore this risk-value continuum, modifying existing thought and proactively to enable organizations to maximize value by optimizing risk.

Chair:

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Environmental Sustainability

Description:

An environmentally sustainable organization balances its current strategic and financial objectives with long-term natural resource preservation and usage to meet the needs of the present without compromising those of future generations. There is an opportunity to leverage cost and performance management tools and techniques to improve the performance and efficacy of environmental sustainability initiatives within an organization. The CAM-I ESIG seeks to leverage CAM-I's existing Body of Knowledge in cost and performance management to develop more effective and efficient management tools and techniques to support environmental sustainability initiatives. To that end, the ESIG is currently conducting a proof of concept case study at Weber State University. The case study seeks to understand how activity-based cost/management principles can be leveraged to manage environmental criteria such as greenhouse gas emissions. The proof of concept is based on the principles described in the 2012 ESIG white paper ***Measuring and Managing Environmental Sustainability: Using Activity-Based Costing/Management (ABC/M)***. The ESIG team has developed a model leveraging facilities, HR, student, and course data from Weber State to build a model, and is working with key university stakeholders to understand how the information from the model can be leveraged to enhance decision-making at the institution. The ESIG will document and publish key findings as a CAM-I deliverable in 2019.

Chair:

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