



Over Four Decades of Industry-led Collaborative Research

**2016-17**

# **A Time For Growth and Impact**

**CAM-I Vision:**

To be recognized as the premier collaborative forum for innovative leading edge management solutions that create lasting value

# **A Message from the President of CAM-I**

## **2016-17: A time for growth and impact:**

Over the last 14 months, five organizations joined CAM-I. These additions were significant in terms of diversity of operations and international presence, with growth mainly in the United Kingdom and Canada. CAM-I, once again, produced quantifiably impactful management methodologies that its members can implement immediately to improve the performance of their organizations. Our interest groups are actively working on the following deliverables:

- ✓ Performance Management: Our methodology provides organizations with detailed guidance on specific improvement techniques for organizational performance management. The team has assembled reference materials, established methods, and is in the process of developing an online readiness assessment tool which any member organization will be able to access.
- ✓ Risk and Value Management: Leading-edge exploration integrating risk management and value creation is being done within CAM-I. Our team is developing tools that will guide organizations through thought provoking conversations that thoroughly assess the intersection of risk and value. The Integrated Risk and Value Management interest group's article on the risk-crisis continuum was selected as Public Risk magazine Article of the Year for 2016! The award will be announced at PRIMA's Annual Conference in Phoenix in June.
- ✓ Data Integrity: CAM-I has developed a way to help organizations prioritize their data integrity initiatives by assigning a value to the data your organization collects. CAM-I is also maturing a formula which calculates the cost of bad data to an organization.
- ✓ Environmental Sustainability: Partnering with Weber State University, CAM-I is testing a tool which intends to improve the measurement and management of corporate or organizational environmental sustainability initiatives. The goal of the partnership is to determine if the developed tool will help managers make more informed decisions to focus on activities, products and services which are high-value and have low-environmental impact.
- ✓ Cost Management Target Costing: By integrating our efforts on Target Costing, Value Analysis and Cost Management, CAM-I is harnessing the power of previous research to create an inclusive approach create the most value for shared services utilized by organizations.

In addition to the above deliverables from interest groups, CAM-I has formalized many training modules which are delivered at the quarterly meetings. Special training sessions are also granted to member organizations at their home locations as requested. Our objective is to expand the CAM-I university website plus expand our external training catalogue. We are currently exploring other opportunities for influence through university affiliations, professional

associations like CPA Canada, Confederation of Indian Industries, and public sector organizations (King County, City of Rock Hill and Employees Retirement System of Texas).

CAM-I provides a unique opportunity for members to network, debate, and collaborate with people from particularly diverse backgrounds and organizations. Members attend our quarterly meetings prepared to engage and progress their respective interest groups' objectives. Upon returning to their home organizations, members share their knowledge and provide a return on investment that shows value through renewals that have lasted decades. CAM-I's work is recognized by academic institutions, business associations, and multinational companies alike. Exclusive access to the CAM-I body of intellectual property has and will continue produce valuable benefits member organizations.

Gratefully,

A handwritten signature in black ink, appearing to read "Ashok Vadgama". The signature is fluid and cursive, with the first name being more prominent.

Ashok Vadgama

President

Consortium for Advanced Management - International

# **Operations Status**

## **Membership Update:**

- In the last fifteen months, six organizations joined CAM-I:
  - Pace International
  - City of Rock Hill
  - University of Alberta
  - Hitachi Capital (UK) PLC
  - Employees Retirement System of Texas
  - Landmark Decisions
- Membership milestones recognized in 2016:
  - The Boeing Company – Over 30 years
  - US Air Force - 15 years
  - US Army – 5 years
  - SAS Institute - 10 years
  - USPTO - 10 years
  - CPA Canada - 10 years
  - Navistar - 10 years
  - Pilbara - 10 years
  - Royal Australian Navy - 10 years
  - Grant Thornton LLP - 10 years
  - Institute of Cost accountants of India - 5 years
  - Decimal - 5 years

## **Interest Group Progression:**

- CAM-I combined the Cost Management and Target Costing special interest groups with a focus on:
  - Target Costing for Manufacturing and Service plus Value Analysis
  - Shared Services Model
  - Customer Profitability
  - Predictive Analytics
- Intelligent Data Quality Management:
  - Carmel Call, from King County, assumed leadership for the interest group. The group also gained an academia team member.
  - Dr. Ricki Ingalls, Department Chair - Computer Information Systems and Quantitative Methods, from Texas State University will be working with the group on future projects.

- Integrated Risk and Value Management:
  - Lauren Pashia, from The Boeing Company, assumed leadership for the interest group.
  - The group rebranded in March 2017 to more accurately represent their focus on integrating risk and value.
  - “The Risk Crisis Continuum – How Integrated Risk and Crisis Management Can Protect, Create and Transform Value for an Organization” was published in the July 2016 Issue of Public Risk; authored by Jennifer Hills (King County), Lauren Pashia (The Boeing Company), Greg Wallig (Grant Thornton LLP).
- Environmental Sustainability: The group released to members in May 2016 a report titled “Lessons Learned: The Boeing Company Pilot Project to Implement Environmental Activity-Based Costing/Management Principles.”
- Performance Management:
  - The group restructured the existing ½ day Performance Management Framework (PMF) workshop to an Awareness Training version in keeping with other Interest Group public training materials.
  - The Organizational Readiness Assessment, developed as a key component to implementing the PMF, has been adopted by other IGs in recognition of the need for organizations to be internally ready to tackle new initiatives to avoid lack of sustainability.
  - The group has formally established a PMF Certified Instructor program with associated train-the trainer materials.
- State and Municipal Special Interest Group:
  - In 2016, CAM-I launched this new special interest group designed to increase the opportunities for municipal governments to learn from and apply tools and techniques that have been developed by CAM-I. This SIG will be structured to help “translate” existing CAM-I products to state and municipal government applications and broaden the use of these tools in the public sector. Initial work is focused on adapting the Performance Management Framework, working with national partner organizations to pilot the framework in 10 jurisdictions, and developing a community of practice including a training cadre under the leadership of Michael Jacobson (Deputy Director – Performance & Strategy) from King County.
  - To launch this, King County held a Performance Management awareness meeting Oct 12th 2016, in Seattle with participation from City of Renton, City of Bellevue, and City of Tacoma and City of Seattle.

## **Quarterly Meeting Presentations:**

- March 2016:
  - "Affordability" presented by - Ralph Pidsley, Finance Director, Boeing Defence UK
  - "Managing the budgeting process during transition and troubling times" presented by - Gwendolyn Sykes, CFO, US Secret Service
  - Panel discussion on "Measuring the Effectiveness of Performance Measurement in the Public Sector" moderated by - Robert Shea, Principal, Grant Thornton Public Sector
- June 2016:
  - "Organization Leadership- 21st Century Organizations" presented by - Fred Jarrett, Deputy King County Executive, King County
  - "Measuring Effectiveness" presented by - Brad Miyake, City Manager, City of Bellevue
  - "A Results Revolution on How the States are Redefining the Purpose of Government" presented by - John M. Bernard, Mass Ingenuity
- September 2016:
  - "Linking Target Costing to CII's (Confederation of Indian Industry) Total Cost Management Model" presented by - K V Mahidhar, Executive Director, Confederation of Indian Industries
  - "How the US Army develops tomorrow's acquisition leaders" presented by - Joan Sable, Chief of the USAASC Army DACM Office's HCI Division
  - Progress briefing on the CAM-I Risk and Crisis Management Group presented by - Greg Wallig, Principle, Grant Thornton Public Sector; Lauren Pashia, Business Operations Specialist, The Boeing Company; and Jennifer Hills, Director, Office of Risk Management at King County
  - Progress briefing from the CAM-I Environmental Sustainability Interest Group presented by - Mark Lemon, Grant Thornton
  - Site tour at the Boeing Charleston 787 Final Assembly Operations facility
- December 2016:
  - "Scaling Data Science/Predictive Analytics for Enterprise Wide Decisioning at USAA" presented by - Michael Willette, Executive Director, Technical Fellow—Chief Technology, USAA
  - "Application of Value Analysis with Target Costing" presented by - Elaine Jones, President, Targeted Financial Solutions, LLC and Dan Swenson, Associate Professor, Arizona State University
  - Panel discussion on Data Analytics moderated by Derek Sandison, Decimal; with participation from:
    - Michael Willett, USAA
    - Ward Melhuish, Grant Thornton
    - Carmel Call, King County
    - Ricki Ingalls, Texas State University

- March 2017:
  - “The Federal Government’s Move to Shared Services” presented by - Tim Lawler, Managing Director, Grant Thornton Public Sector and Susanna Eisenrauch, Senior Associate, Grant Thornton Public Sector
  - “Findings from the 2016 Opportunity Index” presented by - Monique Rizer, Executive Director, Opportunity Nation and Selena Gonzalez Jones, Director of Community Engagement & Impact, Opportunity Nation
  - Panel discussion on “Evidence-Based Practices in Government” moderated by - Robert Shea, Principal, Grant Thornton Public Sector; with participation from:
    - Sara Dube, Director of the Pew-MacArthur Results First Initiative
    - Andy Feldman, Visiting Fellow, the Brookings Institution
    - Michael Jacobson, Deputy Director, Performance & Strategy, King County, Washington

### **Key Activities and International Outreach:**

- CAM-I, in conjunction with Dallas Community College, conducted a training session with Airbus on the topic of Target Costing in June 2016. The training was attended by 30 people each day.
- Michael Jacobson, with King County, spoke on Performance Management at the Annual Association of Government Accountants meeting in July 2016. Ashok Vadgama, CAM-I president, moderated the meeting.
- Derek Sandison conducted a webinar with CPA Canada in August 2016 on an executive overview of the CAM-I Performance Management Framework. This was attended by 650 people.
- To expand the awareness of the CAM-I Performance Management Framework, Derek Sandison delivered several webinars and a hands-on workshop to CPA Canada members. The webinars had over 700 attendees and the workshop at the CPA Canada annual conference had 42 participants.
- Ashok Vadgama spoke at the University of Akron executive MBA forum about CAM-I projects in November 2016. The event was attended by 130 people.
- Ashok Vadgama, in conjunction with the Confederation of Indian Industries, led a seminar in New Delhi, India on Target Costing and Value Analysis in December 2016. This was attended by 60 participants.
- Ashok Vadgama, presented CAM-I’s work on Performance and Cost Management at the Great Lake Institute of Management in Manesar, India in December 2016. This was attended by 120 people.
- Over the course of 2016, Jennifer Hills (King County), on behalf of the Integrated Risk and Value Management group, incorporate the framework developed by the interest group into the regular operations of King County services. Opportunities for intelligent

risk-taking have become numerous as the risk culture has changed as more employees learn about the CAM-I framework.

- Grant Thornton initiated a benchmark study on manufacturing to be completed by December 2017.
- CAM I is working with King County and Pace International to pilot the application of value analysis and activity based costing concepts to strategic areas of operation. The approach and preliminary results will be presented at the September 2017 meeting in Naperville, IL.
- Pace International attended Value Engineering and Activity Based Cost training with King County in May and toured the King County Finance Visual Management Process.
- Pace International will host King County Finance at Pace in June to share Activity Based Cost learnings at Pace International and Hewlett Packard
- 2016 Participation from international members and affiliations:
  - BCH Electric Limited (India)
  - Decimal (Canada)
  - CPA Canada
  - University of Alberta (Canada)
  - Confederation of Indian Industries
- Confederation of Indian Industries (CII) entered into an agreement with CAM-I to develop the organization's Total Cost Model, which is used by Fortune 500 Indian Companies.

CAM-I and Hitachi Capital UK conducted a two day meeting in Staines, United Kingdom in May 2017. The discussion topics were Integrated Planning and Cost Management including the Closed Loop Approach, Driving Affordability and Business Performance Management. The first day was devoted to presentations by Andrew Ring - Group Director of Finance, Hitachi Capital (UK) PLC, Mr. Ralph Pidsley - Finance Director Boeing Defence UK Limited, Phil Kelso - Vice President – Head of Cost to Serve, Corporate Bank and Hari Thatai - Vice President at Barclays Bank PLC, Shiva Verma - Principal, Grant Thornton LLP and Ashok Vadgama - CAM-I President.

### **Current CAM-I Projects:**

**Cost Management and Target Costing** – Understanding the root cause of costs is the foundation to all areas of Cost Management. Target costing has historically been used in product development organizations. The process and fundamental philosophy holds benefits for service industries as well. While working on the Target Costing Model for Service, the group will also work on their Shared Services model, Value Analysis that focuses on customers and the relationship to cost, Cost Management, customer profitability and Predictive Analytics. The fundamental work that CAM-I has done on Target Costing for Manufacturing will carry on.



**Intelligent Data Quality Management** – Data is an asset, but is difficult to manage because of the unique characteristics of data that defy traditional asset management techniques. The Intelligent Data Quality Management group is developing a framework and equation for assigning a monetary valuation to any record of data. Knowing how much a record of data is worth will allow organizations to make more intelligent asset management decisions, such as when to cleanse the data, when to convert or migrate the data to a new system, and when to archive or purge the data.

**Performance Management** – The Interest Group has developed the CAM-I Performance Management Framework (PMF), a holistic implementation methodology that supports strategy execution by evaluating and improving organizational business performance regardless of size or industry. The 8-step framework assesses organizational readiness and performance management maturity and then provides guidance and focus on appropriate techniques and measurements for performance improvement.

Recent publication (jointly with CPA Canada): *The CAM-I Performance Management Framework – Executive Overview: HOW TO EVALUATE AND IMPROVE ORGANIZATIONAL PERFORMANCE*

**Integrated Risk and Value Management** –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 after a crisis. 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 practice to enable organizations to maximize value by optimizing risk.

**Environmental Sustainability Interest Group** – 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 group has developed the following deliverables:

- GHG Emission Reduction Initiatives (June 2011)
- Measuring and Managing Environmental Sustainability: Using Activity-Based Costing/Management (ABC/M) (September 2012)
- Managing Environmental Sustainability Using Target Costing Principles (August 2013)
- Industry Survey: Use of Cost and Performance Principles to Manage Environmental Sustainability Initiatives (January 2015)

- Lessons Learned: The Boeing Company Pilot Project to Implement Environmental Activity-Based Costing/Management Principles (May 2016)

**State and Municipal Special Interest Group** – This group is designed to increase the opportunities for municipal governments to learn from and apply tools and techniques that have been developed by CAM-I. This SIG will be structured to help “translate” existing CAM-I products to state and municipal government applications and broaden the use of these tools in the public sector. Initial work is focused on adapting the Performance Management Framework, working with national partner organizations to pilot the framework in 10 jurisdictions, and developing a community of practice including training.

**Modus Operandi:**

- 2017 CAM-I Meetings:
  - September 11 - 13, 2017: Naperville, Illinois
  - December 4 - 6, 2017: San Diego, California
  - March 5 – 7, 2018: Alexandria, Virginia
- CAM-I is authorized to give CPE credits at all the training events and the members meetings.
- Training available from CAM-I to member sites, universities, colleges and professional organizations:
  - Strategic Cost Management
  - Leadership in Performance Management
  - Closed Loop Planning and Budgeting
  - Activity Based Management
  - Environmental Sustainability
  - Target Costing
  - Value Analysis
  - Leadership in Calculating and Reporting Customer Profitability
  - Integrated Risk and Value Management

### **CAM-I Board Members:**

Srikant Sastry, Board Chair, Grant Thornton LLP

Anthony Scardino, United States Patent and Trademark Office

Scott F. Renier, Navistar Inc.

Anthony Pember, Grant Thornton LLP

George Millush, Chrysler (Retired)

### **CAM-I Advisor:**

Dr. Bala Balachandran – J L Kellogg Distinguished Professor (Emeritus in service) of Accounting & Information Management, Northwestern University, USA Founder, Dean & Chairman, Great Lakes Institute of Management, India

### **CAM-I Special Interest Group (Project) Leaders:**

**Cost Management and Target Costing** - Elaine Jones, President of Targeted Financial Solutions and Tony Adkins, Product Manager at SAS Institute

**Intelligent Data Quality Management** - Carmel Call, Director - Business Resource Center at King County

**Performance Management** – Derek Sandison, Performance Architect at Landmark Decisions

**Integrated Risk and Value Management** - Lauren Pashia, Business Operational Specialist at The Boeing Company

**Environmental Sustainability** - Mark Lemon, Manager at Grant Thornton LLP

**State and Municipal** - Michael Jacobson, Deputy Director at King County

### **University Affiliations –**

Dan Swenson, Professor, Arizona State University

David Malone, Professor, Weber State University

Il Woon Kim, Professor, University of Akron

Ricki Ingalls, Professor, Texas State University



**Ashok G. Vadgama**

President

CAM-I

6836 Bee Caves, Suite 256

Austin, Texas 78746

Tel: 512-617-6428

[ashok@cam-i.org](mailto:ashok@cam-i.org)

[www.cam-i.org](http://www.cam-i.org)

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