Consortium for Advanced Management - International

Over Four Decades of Industry-led Collaborative Research
What is CAM-I?
CAM-I (Consortium for Advanced Management-International) is an industrial international consortium of industrial, government and research organizations.

CAM-I Mission
To serve as a collaborative forum of thought leaders who develop practical and effective management tools, techniques and methods to advance the way organizations manage costs, processes and performance.

About CAM-I
• Founded with Department of Commerce support in 1972
• Non-Profit, 501c3, Collaborative Membership Organization
• CAM-I’s membership is diverse - Manufacturing, Service Companies, Government, Consulting Companies and Associations
Global Presence

Australia
United States of America
Canada
United Kingdom
India
Organizations who have and are working with CAM-I

- Avnet
- BAE Systems
- Bank of America
- Barclays Bank PLC - UK
- BCH Electric Limited – India
- Cambia Health Solutions
- The Boeing Company
- Caterpillar
- Chrysler
- City of Rockhill
- CPA Canada
- Decimal
- Deere & Company
- DFW Airport
- Dresser Rand
- ERS Texas
- Grant Thornton
- Harley-Davidson
- Hitachi Capital (UK) PLC
- Honda of America
- Honeywell International
- IBM
- Johnson Controls
- King County, Washington
- Landmark Decisions Inc., Canada
- Lockheed Martin
- Ministry of Defense, UK
- NASA
- Navistar
- Northrop Grumman
- ON Semiconductor
- Pace International
- Pilbara Group, Inc.
- Porsche
- Proctor & Gamble
- Raytheon
- Rockwell Collins
- Royal Australian Navy
- SAP AG – Germany
- SAS Institute
- Shell Oil
- Texas Instruments
- The Boeing Company
- Transportation Security Agency
- U.S. Air Force
- U. S. Army
- U. S. Coast Guard
- U. S. Department of Agriculture
- U. S. Department of Education
- U. S. Department of Treasury
- U.S. Department of Navy
- U. S. Health and Human Services
- U. S. Patent and Trademark Office
- University of Alberta, Edmonton, Canada
- ViON
- Whirlpool Corporation
University and Professional Affiliations

Technical and Knowledge Partners

CPA Canada
Confederation of Indian Industries (CII), Delhi, India
Great Lakes Institute of Management – Chennai, India
IMS International, Arlington, Virginia
Institute for Defense Analyses, Washington, DC

University and College Affiliations

Arizona State University, Tempe, Arizona
Babson College, Wellesley, Massachusetts
Kellogg (Northwestern), Evanston, Illinois
London School of Economics, London, United Kingdom
The University of Akron, Akron, Ohio
University of Bristol, Bristol, United Kingdom
Weber State University, Ogden, Utah
Current Initiatives and Special Interest Groups

- Cost and Profitability Management, Value Management and Understanding and Demonstrating the Value of Business Enabling Functions
- Integrated Risk & Value Management
- Performance Management
- Forecasting for procurement of complex acquisition and support projects
- CAM-I Higher Education Center of Excellence
- Organizational Readiness Assessment

Other significant areas CAM-I has worked on

- Environmental Sustainability
- Target Costing
- Change Adaptation and Learning
- Process Based Management
- Business Intelligence and Analytics
- Closed Loop Planning and Budgeting
- Operational Data and Cost Measurement
- Customer Profitability
- Capacity Management
- Resource Consumption Accounting
The CAM-I Cross

CAM-I developed a standard for the Implementation of Activity Based Costing. The CAM-I Cross is widely used in public and private sector organizations to understand cost, its drivers and optimize the cost/performance trade-off.
Value Analysis is well suited for product and service industries where the customer determines value.

- Enables organizations to channel their product/service development activities to areas which provide the greatest customer value.
- Helps identify the relationship between spending and a product’s functional requirements, as defined by the customer.
- Key to the successful deployment of target costing for products or services, a profit planning and cost management process organizations use to control costs during the design stage of new product/service development.
Demonstrating the value of the enabling function
Value pyramid

Initial State

- Comply
- Essential
- Discretionary

"Push"

Ideal State

- Comply
- Essential
- Discretionary

"Pull"

Services transition to essential and comply

Focus Effort

Automate

Keep lights on
Keep legal

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Demonstrating the value of the enabling function
Value framework...another way to look at it

Measure:
- Clarity on how delivery is to be measured and therefore understand the value generated, e.g. cost reduction, quality improvement (cheaper, better, faster).

Delivery:
- Identify those responsible for delivering each service and the necessary support is in place to ensure efficient delivery (people, processes, tools, systems).
- Identify the method of charging for each service and an estimated charge.

Purpose:
- Essentially the reason(s) that the Central Function exists.

Services:
- A clear description of each service offered by the Central Function and how these services are aligned to the needs of the stakeholders / customers.
- Consistent language used in service documentation, objectives and role profiles.
- Detailed in a service catalogue with each service categorized as compliance, essential or discretionary.
The Target Costing implementation framework tailored by CAM-I provides the basis to **attain desired “should cost”**

Target Costing requires a sound knowledge of:

- Customer perception of value
- Design impact of components
- Accuracy in supplier cost estimates

This model has been adopted by several member companies including Boeing, Caterpillar, Chrysler, Dresser-Rand, Rockwell Collins, Texas Instruments, Whirlpool and Navistar
Target Value is achieving the optimum balance of performance and cost

**Value** itself is a function of performance (timeliness, accuracy, usefulness, quality) and cost to produce and/or provide a service

**Target Value** is the level of performance that a product or service must achieve in order to meet customer expectations

Achieving Target Value requires a sound knowledge of:
- Components of Value
- Activities that contribute to the components
- Level of resources consumed to hit target
Using a risk optimization mind-set, an organization can promote a risk aware culture, expand the conversation to include not just risk mitigation but also value creation and create a comprehensive view of risks to drive strategic decisions.
Performance Management Framework (PMF)

The CAM-I PMF is a holistic methodology that identifies and improves core business capabilities that influence any organization’s performance.

To assist in strategy execution, the PMF funnel methodology:

- Conducts an organizational readiness assessment
- Identifies maturity gaps in business capabilities
- Recommends specific techniques to close maturity gaps
- Directionally suggests appropriate measures to track improvement
- Creates a performance focused culture by identifying key initiatives that will make a significant impact on improving performance
The Closed Loop Planning and Budgeting framework developed by CAM-I has been extensively implemented by member companies for resource and output optimization.
CAM-I: Types of Deliverables

- Methodology – Product of developing an organized system of principles, philosophies from group experiences and applications.
- Models - Models for analytics and various business functions.
- Tools - Support the management and measurement of business processes.
- Training – Based on application by organizations, techniques, best practices, tangible Return on Investment and use of current technologies.
- Assessment of organizations.
Recent CAM-I Deliverables, Publications and Books

**Deliverables**

- Principal Based Value Framework - February 2020.
- The Supply Chain Cost to Serve Model - December 2019.
- The Value Analysis Process article - June 2019.
- Supplier Costing method - June 2019.
- Lessons Learned: The Boeing Company Pilot Project to Implement Environmental Activity-Based Costing/Management Principles.
- Use of Cost and Performance Principles to Manage Environmental Sustainability Initiatives.
- CAM-I Performance Management Framework - Executive Overview (jointly published with CPA Canada).

**Books**

- **Planning and Budgeting:**
  *The Closed Loop – Implementing Activity Based Planning and Budgeting*

- **Target Costing:**
  *Target Costing - The Next Frontier in Strategic Cost Management*
  *Hitting The Target – The CAM-I Target Costing Implementation Guide*

- **Process Based Management:**
  *The Road to Excellence – Becoming a Process-Based Company*
  *Process Based Management – A Foundation for Business Excellence*

- **Capacity Measurement & Improvement:**
  *Guide to Evaluating & Optimizing Productivity*
Upcoming CAM-I Meetings

• September 14th to 16th 2020, Alexandria, Virginia
• October 19th to 20th 2020, Bristol, United Kingdom
• December 7th to 9th 2020, Seattle, Washington
• February 15th to 16th 2021, United Kingdom - TBD
• March 8th to 10th 2021, Alexandria, Virginia
• June 7th to 9th, 2021, TBD
• September 13th to 15th 2021, Alexandria, Virginia
• October 18th to 19th 2021, United Kingdom

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