



Over Three Decades of
Industry-led
Collaborative Research



CMS Member Newsletter

October 2007-Volume 1, Issue 2

Cost Management Systems (CMS) Program News

We had a good meeting in Memphis with keynote presentation from Glenn Sessoms - VP of National Hub Operations- Fedex, Daysort). Fedex also arranged a site tour for two evenings for us. The operation was very impressive, as 1 ½ million express packages come into the facility at 11PM, get sorted to new destinations, and depart the facility by 2:08 AM.

The Change Adaptation and Learning Special Interest Group delivered their guide (Blue Book). This is a result of work over last five years from various members, academia and subject matter experts. The following quote from Dave Robinson (Aviation Force Element Group Business Manager) from the Royal Australian Navy speaks to its value to CAM-I sponsors: "one of the best and brief assessments on the change environment I've read, I look forward to the 'Sustain Change' Volume 2, which I believe is centered on education, relevant and regular information flow (producing relevant/current information sponges), and organizational-wide (inclusive) decision making".

We welcome Tata Consultancy Services as a new member of the CMS program.

Integration

The Management Committee received a presentation on a SWAT team being formed to help with integration across Interest Groups. A small team will work with interest group chairs and participants to identify common touch points in the research and knowledge creation process for CAM-I. The primary objective here is to ensure that existing research is leveraged, having a standard assessment process for gathering stakeholder input.

Seminars & Conferences

* CAM-I Conference 2007 - Process, Performance and Cost Management Second Annual CMA/CAM-I Summit, October 23-24, 2007, Renaissance Toronto Airport Hotel

* Next CAM-I meeting in Austin, Texas – December 9-12, 2008. Keynote on cost, on time delivery, process management and update from our Planning and Budgeting Group.

Status from Special Interest Groups (SIGs)

Business Intelligence

The exploratory group on Business Intelligence made a great start with participation from eight member companies. The group worked on the definition of BI, their charter, and implications of the impact of data analytics.

Business Intelligence is a set of strategies, processes, technologies and tools that integrate data and transform it into useful information that helps the organization understand its past and shape its future performance. This knowledge can be used at all levels of the organization to make informed decisions to achieve organizational objectives and influence its future.

Objectives:

- How to effectively use corporate information and resources to run the business successfully.
- Combining data already gathered to influence decision-making.
- Leveraging past and present to shape the future.
- Meaningful integration of information to influence decision-making.
- Better use of your data to improve your performance or optimize costs. Using data to create knowledge that people need

An additional objective of this group is also to look into Business Culture, Technology/Infrastructure, Human Capital and Internal Business Processes. The group will also examine data integration, data storage, and traditional methodologies for Business Intelligence and Advanced Analytics.



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Performance Management

Progress achieved at Memphis session:

- Developed Risk Mitigation approach to the risks identified in the Project Charter created at June session
- Design Freeze of PM Maturity Level Framework – 12 Enabling Processes and 4 Maturity Levels
- For the 12 Enabling Processes, created definitions and identified key sub-processes and attributes

Identified common improvement Techniques & Practices used for Performance Management and cross-referenced these against the 12 Enabling Processes

Objectives for Sep-Dec time period:

- Identify most appropriate Maturity Level where the Techniques & Practices will be used to advantage
- Review Risk Mitigation issues
- Begin detail of Maturity Level matrix

Planning and Budgeting

Provide a foundation of knowledge based on the collective research, intellect, and experience from the CAM-I Planning and Budgeting Interest Group.

Provide a searchable body of knowledge with multiple paths from individual pains and issues to resources and recommendations.

Make a living body of knowledge to be actively questioned, validated, commented on and contributed to by the planning and budgeting community.

Target Audience:

- Initially the audience is CAM-I, later expanded
- Individuals primarily responsible for Planning & Budgeting
- Individuals participating in the Planning & Budgeting process
- Enterprise Executives and Managers

Target Costing

Current Focus: To develop a series of “how to” technical bulletins on extending Target Costing to the supply side.

Deliverables in process:

Technical Bulletin #1 is entitled, “Involving the Extended Value Chain in a Whole Life Target Costing Model.” We are studying leading practices on how to involve operation and support (O&S) suppliers as partners in the design process when O&S cost is a significant portion of the Life Cycle Cost. Currently the team is working to complete company interviews and has begun the writing process.

Technical Bulletin #2 will be a report on leading practices for accessing manufacturing cost data and recommendations for the future on integrating costing systems across the supply chain. This work is important because the Target Costing process requires data exchanges with suppliers to optimize value and profitability. Our near term deliverable will include a cost data dictionary.

Operational Data and Cost Measurement Assessments

Ninety percent of the data required for cost measurement is operational data. Cost measurement is an economic mirror of operational data – the same data required for operational planning and control. Unfortunately there is no standard for operational planning and control data and there is no uniform methodology for cost measurement.

Lacking standards results in high variability, low quality, and high cost.

The Special Interest Group is working on two assessments which will provide a structured approach to identify both the quality of operational data used for planning and that used for cost measurement. Currently scoring, validation, and implementation issues are being worked on.

The partners in this effort are CMA, IMA, IEE, AICPA, IIA (Institute of Internal Auditors). We are also working with IEE and CIMA to partner with us.



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Armed Services Interest Group

The ASIG embarked on its assessment of the As-Is landscape of Lean / Six Sigma across the armed services. During the meeting the team conducted one final scrub of the As-Is questionnaire and finalized the participant listing. Since the meeting, ASIG members have begun to socialize and circulate the questionnaire with the goal of being able to commence assimilating and analyzing the resulting data at the Fourth Quarter meeting in Austin. The team will continue analyzing the data and produce results of the As-Is assessment in the Second Quarter 2008 meeting.

Risk Management

Progress achieved:

- Completed Preliminary Literature Survey;
- Developed basic taxonomy of risk management terminology;
- Completed article on risk management framework;
- Created initial MindMap to capture thoughts about relationships between cost, risk & performance management;
- Completed outline of project textbook;

Next steps:

The group will complete writing the text from the perspective of getting a book out next year.

Resource Consumption Accounting

This group completed their SIG work and the next deliverable is the Blue Book on Marginal Analytics. The group is now looking into setting up a formal research institute for this topic.



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The **Consortium for Advanced Management—International (CAM-I)** is an international consortium of manufacturing and service companies, government organizations, consultancies, and academic and professional bodies who have elected to work cooperatively in a pre-competitive environment to solve management problems and critical business issues that are common to the group.

Cost Management Systems (CMS) Program

The Cost Management Systems (CMS) Program is recognized worldwide as the leading forum for the development of advanced cost and resource management methodologies. Current projects include: Operational Data and Cost Measurement Assessments, Resource Consumption Accounting, Planning and Budgeting, Risk Management, Armed Services, Performance Management and Target Costing.

Process Based Management (PBM) Program

The PBM research program is focused on “how to” implement an overall management approach that is based on a process mindset. Our extensive Roadmap and Assessment provides a detailed guide on successfully deploying PBM in your organization. Join our member companies below in collaboratively developing a powerful tool to adapt your organization’s management approach to a process mindset.

These topical areas of collaborative research are changing the way organizations manage their business. The non-profit program draws upon its extensive international network of subject matter experts and thought leaders to provide organizations the opportunity to participate directly in the development of emerging; leading-edge processes to best equip them in cost and resource management principles.

Member Companies

ABS Consulting	Godrej & Boyce Manufacturing	SAS Institute
ATI	Grant Thornton LLP	Synerma
Bank of America	IBM Corporation	Tata Consultancy Services
BAE Systems	International Truck & Engine Co.	U. S. Air Force
Bob Paladino & Associates	ON Semiconductor	U. S. Coast Guard
Boeing Company	Pilbara Group Inc.	U. S. Marine Corps
Business Objects	Pinnacle West	U. S. Navy
CALIBRE Systems	Premier, Inc.	U. S. Patent & Trademark Office
Cost Vision	Regence	VEN International
CMA Canada	Rockwell Collins	
Department of Defense	Royal Australian Navy	
Exec. Mgmt. Associates	SAP AG	



Join us in Austin December 9-12,2007!

We look forward to seeing you as our members or guests.

To Register today by calling CAM-I Member Services at (817) 426-5744 or online at our website www.cam-i.org and click on “Meetings and Events” at the top of the page to view entire agenda & meeting notice.