



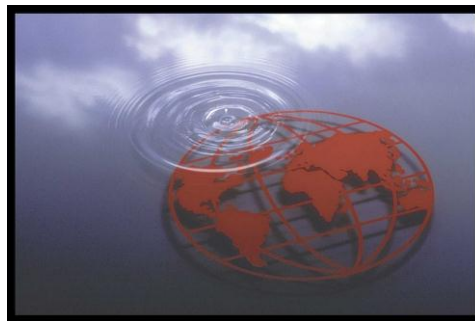
**Over Three Decades of Industry-led
Collaborative Research**

ANNUAL REPORT TO MEMBERS 2011

CAM-I (Consortium of Advanced Management, International) is an international consortium of industry, government, research organizations, and thought leaders who develop practical and effective management tools, techniques, and methods to advance the way organizations manage costs, processes, and performance.

Our **vision** is to be recognized as the premier collaborative forum for innovative, leading edge management solutions that create lasting value.

2012 is our 40th year, and we will celebrate the occasion at our quarterly meeting in St. Louis.



- The CAM-I Board of Directors –
 - Srikant Sastry – Partner, Grant Thornton LLP and CAM-I Board Chair
 - Anthony Pember – CEO, Pilbara Group Inc.
 - Lisa W. Hershman – Author “Faster, Cheaper, Better”
 - George Millush – Chrysler – Retired
 - Dave Anderson – Vice President – SVTC Technologies
 - Anthony Scardino – CFO – United States Patent and Trademark Office
- Strategic Advisor – Dr. Bala Balachandran, J.L. Kellogg Distinguished Professor Emeritus of Accounting and Information Management, Northwestern University, Evanston, IL. USA and Founder and Dean, Great Lakes Institute of Management, Chennai, India

A letter from the President

2011 was an exciting year for CAM-I in both domestic and international growth and accomplishment. We continued to reach out internationally, and we now have a presence in Australia, Canada, Germany, India, South Korea, Japan, Mexico and Spain.

Bintech, Clinton Rubin LLC, IB Roof Systems, Positive Eye Consulting, Inc., SVTC, US Army, and Wesley Quest Co. LTD (Korea) joined CAM-I in 2011.

We expanded our presence internationally by the following meetings -

- In January, under the leadership of our academia advisor, Dr. Bala Balachandran, Shiva Verma from Grant Thornton conducted a seminar titled “Storms to Sustained Success” in Mumbai and Chennai. We also lectured at Dr. Bala’s Great Lakes Institute of Management.
- In February, we had a discussion with companies in the UK with the help of Srikant Sastry, our Board Chairman, and Grant Thornton UK. The meeting was attended by Barclays International, SAS, SAP, Whirlpool, Bintech, Boeing, SAS and Tami Capperauld, at that time with Regence.
- We had an extremely successful second UK Meeting – September 2011. Derek Sandison (Vice President for Strategic Alliances at Decimal), Lisa Hershman (Author – Faster, Cheaper, Better, Board member of CAM-I) and Bill Dummer (Navistar) made presentations. Srikant Sastry, our Board Chair, again helped coordinate this meeting and provided the venue at Grant Thornton UK.
- In November, with the assistance of US Patent and Trademark Office, Grant Thornton, our Japanese member ALTA Management and our Korean member, Wesley Quest, we held successful conferences in Korea and Japan. The USPTO Office, under the leadership of our Board member Tony Scardino, the CFO for US Patent & Trademark, also visited the Korean Intellectual Property Office and Japanese Patent Office. Professor Il-Woon Kim from University of Akron was a great help in coordinating arrangements. The conference speakers included Anthony Scardino (USPTO), Lisa Hershman (Author), Steve Porter (USPTO), and Shiva Verma (Grant Thornton).

All these activities are building a foundation to establish CAM-I Europe, CAM-I Japan and our presence in South Korea.

We also expanded our presence in the business community and press -

- Alan Stratton, from Performance Management edge, did a webcast for CAM-I in September on PerformanceManagementEdge.com.
- In March, Derek Sandison, Vice President, Strategic Alliances with Decimal Technology, and Ward Melhuish, Principal, Grant Thornton did a Federal Radio

interview to introduce the CAM-I Performance Management Framework. The discussion targeted around “CAM-I Identifies Steps to Improve Performance.”

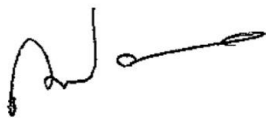
- CAM-I presented the annual award to recognize distinguished contributions in advancing the field of Cost Management to Clif Williams from Grant Thornton. Clif took pioneering steps to launch the CAM-I Health Care project, and his team produced a deliverable on Chronic Disease Care, which applied a performance management maturity framework to improve diabetes care in an inpatient setting. There is a lot of potential to expanding this work.
- Mike Rollins, President of the Austin Chamber of Commerce, opened our December 2011 meeting. In May 2012, CAM-I and the Chamber will conduct training on Process-Based Management and Strategic Cost Management in Austin.
- Lisa Hershman conducted workshops on Process-Based Management for senior managers in Acquisition Logistics and Technology for the U.S. Army. The workshops also included industry partners of the Army as participants.

Per our Chairman of the Board, Srikant Sastry, “CAM-I is moving forward into this new era of economic uncertainty with a renewed sense of purpose and focus – to provide real solutions to real problems on a real time basis. Leveraging the CAM-I Body of Knowledge and following the leadership of key member firms, CAM-I will continue to identify new areas of research for the betterment of industry.”

The core outputs of deliverables, standards, methodology, models, tools, and benchmarking will be coupled with the practical use of this output by our member companies, thereby producing a quantifiable and measurable return on investment.

Our solutions for industry will be even more relevant and vigorous in 2012. We will also conduct strategic leadership training by working with our member companies, universities and the Chamber of Commerce.

We look forward to a prosperous, productive and results-oriented 2012.

A handwritten signature in black ink, appearing to read 'Ashok Vadgama', with a stylized flourish at the end.

Ashok Vadgama
President

CAM-I Chairman of the Board, Srikant Sastry, announcing Bonsak recipients for 2011



Japan Conference: (LT to RT) Anthony Scardino, USPTO and CAM-I Board Member, Ashok Vadgama, CAM-I President, Lisa Hershman, Co-Author *Faster, Cheaper, Better* and CAM-I Board Member, Mr. Conard Hamilton, Economic Officer, U.S. Embassy Tokyo, Steve Porter, USPTO



CAM-I Bonsak recipients: (LT to RT) Jim Hendricks, George Millush, Dan Swenson, Clif Williams, Ward Melhuish, Bob Thames, John Miller, Bob Misch



Health Care Special Interest Group



Environmental Sustainability Special Interest Group



Process Based Management Special Interest Group



Initial Exploratory of the High Performance Cost & Profitability Special Interest Group



Boston Meeting Networking Reception: (LT to RT) Charles Stirk, Giselle Whitfield, Jeff Hensley, Wava Johnson



Boston Meeting Networking Reception: (LT to RT) Takehiko Abe, Hirokatsu Hibino, Natarajan Subramania, Christian Babbini, Denis Archambault



Boston Meeting Networking Reception: (LT to RT) Andrea Civichino, Todd Scaletta, Derek Sandison, Daniel Dube



Boston Meeting Networking Reception: (LT to RT) Matt Anderson, Elaine Jones, Jay Auskalis



Boston Meeting Networking Reception: (LT to RT) Jan Bell, Lisa Hershman, Shahid Ansari, Tami Capperault, Jean Meeks-Koch



Interest Group Outputs and Roadmap

In 2011 we focused on aggressive deliverables and making our Interest Groups relevant to today's environment. Two of our groups are led by CAM-I Board members.

- We launched a new group on High Performance Cost and Profitability. They have started exploring emerging analytical and technological trends in the area of cost and profitability management and their impact and benefit to the user community.
- During 2011, the Performance Based Management team completed the approval of a process-based maturity model, in addition to providing detailed training for each PBM SIG member on how to apply the model to their respective organization's needs. Additionally, the PBM SIG has joined forces with the Performance SIG, led by Derek Sandison, to provide input for the process portion of the Performance Model. Specifically, the PBM SIG members have provided guidance with regard to measuring process for enhanced performance. This PBM group is led by CAM-I Board member Lisa Hershman.
- We re-launched the Enterprise Risk Management group. The first phase is to complete the guide by mid-year. Then the group will look into operational and strategic risk encompassing the work done in the areas of cost, process and performance, but by the same token, maintaining the compliance perspective.
- The Information Technology Performance Group will work on a benchmark report.
- The Health Care Interest Group is seeking additional hospitals interested in having the performance maturity assessment completed for their chronic disease care. The SIG has begun to focus on building performance and cost reporting models for Patient-Centered Medical Homes. The approach is to apply CAM-I methods and solutions to Medical Homes, and to provide a basis for comparison of various forms of this partial solution to high care issues.
- The Performance Management group will be working on assessment tools, measurement and the next version of Environmental Sustainment material. Subsequently, they will build industry-specific performance frameworks.
- The Target Costing Best Practices Group issued a report on "Addressing Commodity Price Volatility in Product Development Through a Mature Target Costing Process." The next phase is cost estimating best practices. After that the focus will be on Target Costing for service industries.
- Environmental Sustainability – This interest group is finalizing a set of executive summaries exploring how two specific financial and performance management tools/techniques (ABC/M and Target Costing) can be adapted and applied to assist in the management and measurement of environmental measures like greenhouse gas emissions and water usage. The group is also working with the Performance Management group to tie environmental sustainment to the performance management framework. Once this work is complete, the group intends to extend

their executive summaries, through the use of case studies, into best practices documents. This group is led by CAM-I Board member Anthony Pember.

- John Miller from Arkonas produced a joint publication with APQC “Model Your Way to Better Business Performance” in September.

Deliverables In Progress

- Integration: The foundation for organizational continuous improvement and effective change management – March 2012.
- Performance Survey: Identify best practices for end-to-end life cycle management of IT, from acquisition through operations – March 2012.
- Operational Data and Cost Measurement Assessment: Assessment tools to evaluate the parallel processes to derive operational data and the linkage to cost measurements - April 2012.
- Risk Management: A model for an approach to integrating risk, cost, and performance management – May 2012.

Extraordinary Individual Efforts

Nothing could have been accomplished without the involvement, dedication and participation from individual CAM-I members. We have each of our members to thank for the progress we made in 2011. Special thanks and acknowledgment go to the following members:

- Tony Adkins (SAS) and his team for their work on the operating committee, identifying topics, speakers, and marketing opportunities
- William Dummer (Whirlpool) the Industry Chair for CAM-I
- Elaine Jones (Navistar) and her team who drive the entire project governance committee for initiation, implementation, and closure of our projects
- Dave Robinson (Royal Australian Navy), Bob Thames (SAS) and Bob Misch (Grant Thornton) who undertook the role of integrating our 39+ years of knowledge, history, and experience
- Academia representatives who played a key role in driving agenda items from their Futures Forum
- Dr. Il-Woon Kim (University of Akron) for his help and leadership in launching CAM-I Japan and our media partnership with Korea Economic Daily, helping us grow in Korea

- Dr. Bala Balachandran, CAM-I's Academic Advisor from Kellogg School of Business and Great Lakes Institute of Management
- Lauren Ayer has been doing great work in supporting the Performance Management group
- Laika Kayani has been instrumental in supporting the Health Care Group
- Kristina Damjanoska has been key in supporting the Target Costing Best Practices Group

Current Members

- | | |
|--|-----------------------------------|
| • Alta Management Japan | • Navistar |
| • Arkonas | • Pilbara Group Inc. |
| • Bintech | • Positive Eye Consulting, Inc. |
| • CALIBRE Systems | • Regence |
| • Certified Management Accountants – Canada | • Royal Australian Navy |
| • Clinton Rubin LLC | • SAP AG |
| • Decimal | • SAS Institute |
| • Executive Management Associates | • SVTC Technologies |
| • GDIT | • The Boeing Company |
| • Grant Thornton LLP | • U. S. Air Force |
| • IB Roof Systems | • U. S. Army |
| • Institute of Cost & Works Accountants of India | • U. S. Marine Corps |
| | • U. S. Patent & Trademark Office |
| | • Whirlpool Corporation |

Previous Members

- | | |
|----------------------------------|---------------------------|
| • Acorn Systems | • Cisco Systems |
| • Allied Signal | • Daimler Chrysler |
| • ALTA Management | • Deere & Company |
| • AMP Incorporated | • Delta Solutions |
| • ATI | • Department of Treasury |
| • Avnet | • DFW Airport |
| • BAE Systems | • EastmanKodak |
| • Bank of America | • Eastman Chemical |
| • Bob Paladino & Associates, LLC | • Emerson Electric |
| • Bombardier | • Fairchild Semiconductor |
| • Caterpillar | • Godrej Group |
| • Chrysler | • Harley-Davidson |

- Harris Corporation
- Hitachi – San Jose, CA
- Honda of America
- Honeywell International
- IBM
- ISMI
- Johnson Controls
- Kenworth Trucks
- Korea Management Accounting Organization
- Lockheed Martin
- Medrad
- Mitsubishi Heavy Industry
- NASA
- Nissan of America
- NNSA
- Northrop Grumman
- Nummi / Toyota
- On-Semiconductor
- Pella Corporation
- Pinnacle West
- Porsche
- Premier, Inc.
- Proctor & Gamble
- Raytheon
- RGS Associates
- Rockwell Collins
- Sandia National Labs
- ServQ – UK
- Shell Oil
- Tata Consulting
- Texas Instruments
- TSA
- Unipart Group Limited
- US Coast Guard
- US Health and Human Services
- US Navy
- UTC Fuel Cells
- VEN International – UK
- Wesley Quest Co., Ltd

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Global Leadership in Cost, Process and Performance Management

