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08

CAPS RESEARCH 2008 ANNUAL REPORT



SUPPLY Management ENVIRONMENTAL Sustainability



definition

Supply management environmental sustainability is a set of strategies and processes for monitoring and lessening environmental impact by achieving changes in supplier operations that improve supplier environmental sustainability performance and metrics.

success

Supply management environmental sustainability success requires establishing mutual expectations for sustainability priorities and activities between a buying organization and its supply base. This requires that the buying organization conduct a self-assessment before embarking on supplier assessments. This will allow the buying organization to define sustainability and success in the context of its industry and organizational setting.



PHILLIP L. CARTER, D.B.A.

Executive Director
CAPS Research

Harold E. Fearon Chair of Purchasing
Arizona State University

Two issues captured the attention of the supply management experts in 2008: sustainability and the economy. Sustainability was on the minds of most CPOs, but the economy in the last half of 2008 demanded everyone's attention.

While it remains to be seen what short-term effects the economic turbulence will have on sustainability programs, the need for sustainability programs in supply management is not going away. CAPS Research has addressed the importance of sustainability more than several times in the past — in focus studies, Critical Issues Reports, and Roundtable presentations — and we have just recently published *Supply Management's Strategic Role in Environmental Practices*. Professionals can benefit from the green processes and strategies implemented by their peers, as described in the report.

We will take on the economy in the 2009 International Executive Roundtable, with the theme "Supply Management: Strategies for Superior Results in Turbulent Times." As before, our Executive Roundtables and Best Practices Workshops are for the CPOs and senior executives of our sponsor companies and focus on current topic presentations, best practices forums,

and small session breakouts. Additionally, our Critical Issues conferences, quarterly one-day meetings with 25 to 30 sponsor participants, examine topics in depth. CAPS Research continues to bring together practitioners and researchers together in our conferences in North America, Asia, and Europe, to tackle challenging regional and global topics.

February 2008 marked the launch of CAPS Research's new website, Knowledge Central, for sponsors only. This online database of information allows searches by topic, report type, and the leadership model for transforming your organization. It also contains many reports — Roundtable presentations, white papers, and CPO Insights — not available to the public. The extra value provided by Knowledge Central is recompense for

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our corporate sponsors, who back our research agenda with their time and financial support.

I thank all of our sponsors, identified in the pages of this Annual Report, for their superb support. I am especially grateful that our organization benefits from the wise counsel and expertise of our Board of Trustees. Under the leadership of Jim Scotti, vice president and CPO of Fluor Corporation, the Board continually challenges us to increase the value, global outreach, and output of CAPS Research. I greatly appreciate their commitment to our mission.

The need for sustainability programs in supply management is not going away.



JAMES A. SCOTTI

*Chair, Board of Trustees
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*Senior Vice President and
Chief Procurement Officer
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This letter to CAPS Research stakeholders is usually a time for reflection about past accomplishments — and there are many to applaud in a productive 2008. Yet, as I write this, there are daily news items concerning the worsening state of the economy. This is no doubt a challenging period for many, on both a personal and professional level. While it's unlikely any single action you or I take will directly impact the national or global scene, it occurs to me that there are proactive or forward-thinking steps we can each take to make the most of this situation.

First, remember the value of the CPO in industry today.

The role that we play within our firms is not only key to cost savings and optimizing the bottom line but also to winning new business — critical objectives for any CEO. We continue to see

headhunters and executive search firms seeking out skilled CPOs. We have spent the last 10-plus years enhancing the image of the supply chain function. Now there is opportunity to live up to that image by doing what we do and doing it well.

Second, maintain the best practices that you may have recently established.

The volatile materials market has gone from a buyer's market in the early 2000s (where we were all able to leverage some significant deals) to a seller's market that began approximately 2005. At that point, suppliers could pick and choose their partners, and we had to develop some strategic relationships and significant sourcing and supplier integration skills to win business. With prices softening, it appears that we've headed back toward a buyer's market. However, it would be a shame if we

didn't keep in place those positive attributes that made us the customer of choice just because we might have a bit more leverage now.

Third, don't underestimate the importance of your professional relationships.

It's through the connections you make with colleagues in your industry or the larger supply field that you'll become aware of market trends and nuances that are vital to your decision-making.

If you wait too long to cultivate and reinforce these relationships, it will be too late, because once things go south, you'll only be operating in tactical mode. This is where CAPS can play — and will play — a huge role. Events such as the 2009 International Executive Roundtable in April provides just the forum to connect and solidify your network; save that date!

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When I think about the activities and opportunities that CAPS Research has provided in 2008, I immediately think about my CPO peers who contribute and participate, sharing their expertise and strategic insights, via events, electronic exchanges, and research contributions. Now, I hope that you'll join me in embracing the mindset that even in these challenging times, we can be proactive and provide value to our organizations, industries, and the profession.

As always, I would like to take this opportunity to thank the CAPS Research staff for their hard work and accomplishments this past year. Also, to the CAPS Board of Trustees and to all CAPS Corporate Sponsors, thank you for your continued support; 2009 will no doubt be a challenge, but as a profession we are in the best shape ever to take on anything that comes our way!



SUMMARY OF FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION YEARS ENDED AUGUST 31, 2008 AND 2007*

	2008	2007
Current assets:		
Cash	\$ 200	\$ 200
Money market investments	2,180,107	2,358,082
Accounts receivable	67,500	56,500
Prepaid expenses	435,058	151,770
Total current assets	\$ 2,682,865	\$ 2,566,552
Property and equipment, net	169,025	94,858
Total Assets	\$ 2,851,889	\$ 2,661,411
Current liabilities:		
Total current liabilities	558,250	402,543
Net assets	2,293,640	2,258,868
Total liabilities and net assets	\$ 2,851,889	\$ 2,661,411

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED AUGUST 31, 2008 AND 2007*

		Percent of Rev/Exp		Percent of Rev/Exp
Support and revenue:				
Contributions	\$ 1,974,139	80%	\$ 1,908,361	79%
ISM cash contributions	226,300	9%	226,300	9%
Roundtable revenue	235,668	9%	183,888	8%
Investment income	61,604	2%	84,515	4%
Total support and revenue	\$ 2,497,711	100%	\$ 2,403,064	100%
Expenses:				
Research	\$ 2,073,470	84%	\$ 1,836,504	81%
Fundraising	218,764	9%	189,585	8%
Administrative	170,705	7%	249,102	11%
Total expenses	\$ 2,462,940	100%	\$ 2,275,191	100%
Changes in net assets	34,772		127,873	
Net assets, beginning of year	2,258,868		2,130,995	
Net assets, end of year	\$ 2,293,640		\$ 2,258,868	

*The balances include funds held by Arizona State University that are not included in the combined financial statements of the Institute for Supply Management™.



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CAPS Research gratefully acknowledges its parent organizations, the Institute for Supply Management and the W. P. Carey School of Business at Arizona State University, whose combined support covers the majority of administrative and fundraising costs. Corporate sponsors that support the research program annually

with a minimum contribution of \$13,500 are ensured access to Knowledge Central, and invitations to participate in the Executive Roundtables, Best Practices Workshops, and Critical Issues/Partnership conferences. We are honored to acknowledge the Corporate Sponsors on this page.

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The following provided \$10,000 to \$25,000 for specific research in benchmarking.

Investment Recovery Association



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