

Powerful Assessment of Supply Management's Value to the Enterprise Launches this Month

The ROSMASM Performance Check *helps CPOs and sourcing professionals demonstrate their contributions to shareholder value*

This universal standard is the first initiative from a new alliance of ISM, A.T. Kearney, and CIPS to increase professional recognition for procurement.

January 2014 (Chicago)—A.T. Kearney, the Institute for Supply Management (ISM), and the Chartered Institute of Purchasing and Supply (CIPS) – three leading institutions supporting the supply management profession – have formed an alliance to increase recognition of the discipline as a key driver of strategic business value. This month, the alliance launches the first of several initiatives to support this goal: the ROSMASM Performance Check.

ROSMA (Return on Supply Management Assets) is a performance measurement standard that helps procurement organizations quantify their financial contributions to companies using an easily identifiable metric. Derived from classic financial frameworks (such as DuPont's investment performance measures) and shareholder value methods (such as economic value added), it helps supply management executives demonstrate the function's financial impact on the bottom line.

ROSMA captures hard savings benefits and the tangible value created from advanced practices, supplier innovation, and the financial reengineering of the supply chain by indicating the overall financial productivity of supply management assets.

"Procurement's responsibilities have radically changed during the past 20 years, from a tactical service function to a proactive, strategic partner to the rest of the business," said Thomas W. Derry, ISM CEO. "To meet the intricate mandates now required, the profession needs a mechanism for communication with the C-suite to increase its recognition, connect to shareholder value, and to consistently and universally track and measure its contribution and performance. ROSMA is the entry point."

ROSMA Results Available to Procurement Professionals and CPOs

Supply management organizations can participate in the ROSMA Performance Check online via the [CIPS](#) and [ISM](#) websites.

Universal adoption of ROSMA provides numerous benefits:

- Procurement functions can benchmark their performance against their respective markets and industries.
- As a standard structure on metrics that the financial community understands and endorses, ROSMA reflects the mindset of CFOs, encouraging their buy-in to support the function.
- As a powerful scorecard component, its results can be used to explore gaps, set priorities, and steer supply management toward a results-driven leadership mindset or model.
- The CPO can use it to establish priorities around financial results improvement, talent capability building, and organizational development.

The ROSMA Performance Check differs from a typical point-in-time survey. Participants can use it annually to compare how procurement's performance has changed.

Supply management organizations can take the assessment at the enterprise level or within business units and divisions. Completion takes approximately 30 to 45 minutes. Information provided is kept strictly confidential.

Immediately upon completion, participants receive their organization's complimentary ROSMA score and a customized report that assesses their procurement performance, compares it to leaders and followers, and identifies improvement opportunities.

About ROSMA and the Alliance

ROSMA is the result of a global collaboration. For the past five years, A.T. Kearney has worked with dozens of CPOs and CFOs around the world to co-develop, test, validate, and benchmark this performance-measurement approach for supply management.

"We determined that the answer lay not in establishing an all-encompassing scorecard or aligning on transactional level benefit calculations, but in applying proven and well-established financial management frameworks to position procurement's value in the language of the CFO," said Tony Milikin, CPO of Anheuser-Busch.

"While every organization must shape its performance metrics to align with its business needs, there must be at least one unifying comparative financial metric that creates clarity across C-suites, industries, and the financial markets," added

Laurie Stewart, CPO and vice president for energy, materials, and general services for Air Products.

To date, A.T. Kearney's research shows that there is significant opportunity for performance improvement, and that early adopters of the ROSMA approach have documented gains, in addition to increased support and endorsement from their CFOs.

On a broader level, CIPS, ISM, and A.T. Kearney created the alliance to elevate the supply management profession's stature and positioning in the boardroom and C-suite, on Wall Street, and even on college campuses to attract the best talent in the years ahead.

"This alliance is key for procurement as we raise the profession's profile and demonstrate its value to organizational growth," said David Noble, CIPS group CEO. "The ROSMA Performance Check offers our professionals another component in their toolkit and provides a robust demonstration of their function's financial value."

Andrea Gregory, general manager of group procurement for Fonterra, confirms that view. "We have found a new level of performance as a team and as procurement professionals in adopting ROSMA and more important, it has enhanced our credibility with our business partners."

The first annual report of ROSMA Performance Check universal results will be released this spring.

For more information about the A.T. Kearney, ISM, and CIPS alliance and the ROSMA Performance Check, please contact Mike Scott at +1 (248)-766-9482 or msscott@mccicorp.com.

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