



Supply Chain Vendor Compliance ♦ Supply Chain Fraud ♦ Supply Chain Governance ♦ Turnaround Help

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## About Katzscan Inc.

From 1985 through 1995, Norman Katz, founder of Katzscan Inc., had career positions from Business Applications Programmer to Business Systems Analyst to Information Technology Manager and worked for some of the country's most recognized brand-name companies, including Fotomat, Tropicana Products, Hanes, and Gitano.

In January 1996, Norman decided to chart his own course and started Katzscan Inc.

Katzscan's core business model is focused on business processes and business software applications used in the internal and external supply chain operations of a company. Key technology specialties include barcode applications, Electronic Data Interchange, and Enterprise Resource Planning systems covering functional areas such as inventory control, fixed asset management, manufacturing, distribution, accounting, purchasing, sales order processing, quality assurance, various labeling applications, shipping, warranty tracking, and data analysis. Norman has extensive experience with supply chain vendor compliance, helping companies sell to their top-level customers, especially in retail.

Norman is a Florida Private Investigator, a Certified Fraud Examiner (CFE), a Certified Fraud Specialist (CFS), and holds a Certification in Corporate Governance from Tulane University College of Law.

Combining his technical skills, business knowledge, and fraud-fighting credentials and experiences, Norman has expanded upon Katzscan's core business model to include turnaround management help and supply chain fraud detection and prevention using Sarbanes-Oxley compliance as a foundation. Closing business gaps and application loopholes, Norman is able to reduce the occurrences of fraud and mitigate the severity of fraud when it occurs, with the goal of having the fraud recognized early on prior to infiltration through the supply chain and manifestation into something worse.

With equally high levels of business-savvy and technical skill – plus a good dose of creativity – Norman helps clients save 10's of 1000's of dollars on various projects, while also delivering better-than-expected functionality in shorter-than-anticipated timeframes.

Katzscan's clients range in annual sales from \$5M to \$1.5B, belong to a wide range of different industries, include industry trade associations, and represent some of the most recognized leaders in their respected markets. Norman successfully interacts with all levels of his clients' employees, from the distribution center personnel to the office staff to the executives.

Norman graduated from the University of Florida in 1985 with a Bachelor of Science in Business Administration majoring in Computer Information Sciences.

Norman is a national speaker and is nationally published, each over 20 times.



## Supply Chain Vendor Compliance

### UPSTREAM

Helping vendors meet the supply chain mandates – such as barcode labeling, Electronic Data Interchange, & shipping documentation – of their customers to minimize chargebacks (financial penalties for non-compliance). This includes the selection, implementation, and integration of the necessary technologies, as well as end-user training.

Technologies alone will only satisfy compliance requirements on the surface; any company that fails to perform in an organized manner will continue to make mistakes that result in chargebacks. These errors can include late electronic transactions, short, incorrect, or late shipments, failures to comply with floor-ready guidelines, packaging problems, item identification issues, documentation problems, and more.

Katzscan has already helped suppliers in the retail, electronics, publishing, and pharmaceutical industries with their vendor compliance requirements, enabling them to better collaborate with their top-level customers as participants in those industry's supply chains.

Companies and their buyers typically do not want to do business with problematic suppliers who cause too much disruption to supply chains and increase costs. As such, top-performing suppliers may find that their ability to meet and exceed vendor compliance mandates is an effective competitive advantage.

### DOWNSTREAM

Companies seeking greater efficiency and accuracy in operations should consider defining supply chain requirements for their vendors. Examples are carton barcode labels that can be scanned for receiving and inventory counting, and Electronic Data Interchange for purchase orders, invoices, and ship notices.

Companies will not reap the full gains of this initiative due to failed integrations, poorly conceived or otherwise unattainable requirements, poorly written and confusing or conflicting specifications, and a failure to truly help enable suppliers. The company dictating supply chain requirements must be able to judge and monitor suppliers out of compliance, and be able to enforce financial penalties for non-compliance. It does no good to require something of suppliers that is not used effectively within a company to increase efficiency and accuracy and decrease costs.

Katzscan has already helped define barcode label and Electronic Data Interchange standards for the marine industry, and has developed supplier-oriented training courses for the retail industry.

For more information: [www.vendorcompliance.info](http://www.vendorcompliance.info)



## Supply Chain Fraud

### DEFINITION: SUPPLY CHAIN

First and foremost, it is important to understand that the supply chain is both internal and external to a company's operations. Supply chain links exist between the company and a supplier, the company and a customer, and in between company departments, such as receiving, quality assurance, inventory, information technology, human resources, sales & marketing, manufacturing, purchasing, sales order processing, and accounting.

The perpetration of supply chain fraud can be internal, external, or an internal-external collaboration between the fraudsters.

### DEFINITION: FRAUD

Simply, fraud can be defined as being some type of trickery, deception, or breach of confidence that results in either a direct or indirect gain of another.

Confidence can be breached between the company and a supplier, between the company and a customer, and inside the company between executives, managers, office staff, and distribution center personnel. Internal pressures can actually force an otherwise honest employee to commit fraud out of fear of job loss and reprimand.

### THE COMMON MISCONCEPTION

The common misconception is that fraud is strictly related to network penetrations and hacks that steal data. While this does represent a serious breach of security, fraud can also easily be perpetrated in the daily business operations of virtually any company of any size by any and all levels of employee. It is a mistake to believe that the perpetration of fraud requires breaches of the network infrastructure.

### DETECTION & REDUCTION

The detection and reduction of supply chain fraud requires a company to break down silos of knowledge, invest in technologies that convert paper-based transactions to electronic data, establish a core business software application with security features, and be able to install control and monitoring mechanisms.

For more information: [www.supplychainfraud.com](http://www.supplychainfraud.com)



## Supply Chain Governance

Sarbanes-Oxley (a.k.a. "SOX") was enacted by the federal government because the leaders of several public companies failed to conduct themselves with honesty and integrity and govern in an ethical – if not also legal – manner. Public companies bear a greater burden of responsibility for their actions because there are more stakeholders that can be affected. Both public and private companies have employees, suppliers, and customers, but public companies also have investors and potential investors.

Just because an action may be legal to do, it does not make it ethical to do. Full disclosure requires us to admit when we are too close to a decision whereby we may be benefit directly or even indirectly. Relative distance requires us to ensure that we don't influence decisions, the outcomes of which we may directly or indirectly benefit from.

SOX is not just about the end results – timely and accurate financial statements – but also how those results are achieved; in other words, the process matters. As a result, public companies must look to their (internal/external) supply chain operations and supporting technologies to ensure that processes are uninhibited and uninfected by those who would seek to benefit from confidence breaches, failures, and gaps that permit fraud and waste to occur.

The COSO (Committee Of Sponsoring Organizations) governance framework is the most widely used, comprised of five key aspects that cover how a public company is governed by executive management, how risk is assessed, how information is communicated, how controls are put in place, and how controls are monitored for effectiveness and relevancy.

Embracing good governance is a first step in reducing fraud and waste from inefficiencies in a company, as well as closing gaps where fraud and waste can occur.

Private companies would do very well to look to the COSO compliance framework for guidance as to how to improve their own organizations. For both public and private companies this can be especially important for companies looking to grow, merge, acquire, or sell. By showing investors, partners, or buyers that the company is well-run and operations are fully documented, the third-party is able to better assess the company and should have greater confidence in the relationship.

It's easy for private company owners to look the other way at embracing operational excellence, because often they don't know how poorly their company is running, what frauds may be occurring, and how much sales they are losing. For private company owners, another lesson of good governance: Just because you don't have to do something, doesn't mean you shouldn't.

For more information: [www.supplychainsox.com](http://www.supplychainsox.com)



## Turnaround Help

Companies in distress can find it beneficial to seek the guidance of a qualified turnaround professional to get things back on track, including finding asset-based lenders to inject capital, providing their management experience to improve company operations and performance, and using their contacts to expand the business into new markets.

The big question is one of due diligence: How can the turnaround professional trust the numbers on the reports he/she is given upon which they must make financial decisions? How does the turnaround professional have confidence in inventory counts and fixed asset management, as these are likely used to support loans because receivables have dried up? Are business software applications needed to support operations lacking, incomplete, or have they been modified to the point of uselessness, distrust, and a lack of integrity and accuracy? Is fraud a reason for company distress?

Turnaround professionals need ground-level generals who can implement short-term, high-ROI solutions to quickly control chaos and provide control and confidence for all involved: employees, company owners, and managers, and outside entities such as lenders, customers, and suppliers.

Because available money is so tight, it must be used very wisely to bring the company back from the brink of failure. Thus, the need to assess operations and supporting technologies, such as the Enterprise Resource Planning (ERP) system, is a necessity. Often complaints about the functionality of a software application have more to do with poor reports and problems due to how the data was set up. Before committing to unnecessary expenditures relating to replacing or modifying software applications, assessments may reveal other less-costly solutions, such as adjunct applications covering missing functions, separate reporting applications, or an extract and conversion of data back into the application.

Waste and inefficiencies drive up operating costs, and previously proposed solutions to close gaps may have been over-priced or poorly implemented, adding to the distress, leaving operating procedures in disarray resulting in confusion and hostilities between departments and stressed-out employees.

Katzscan's turnaround help model is structured to enhance the existing suite of services provided by turnaround professionals, providing business operations, technology, and fraud-prevention skills, knowledge, and experiences to support the turnaround professional during the engagement with the distressed company. Some of Katzscan's niche specialties – such as supply chain vendor compliance – would be uniquely required if the turnaround professional is able to open the company up to new markets and new customers with such requirements. While Katzscan can be engaged by the distressed company, it is more likely Katzscan is engaged by the turnaround professional in these situations.

For more information: [www.turnaroundhelp.com](http://www.turnaroundhelp.com)



## Disconnected Dots

Failures and problems tend to arise from disconnects between people, departments, operations processes and software applications. These disconnected spaces are a breeding ground for waste and fraud. The results of disconnects can be financial penalties for non-compliance (chargebacks), breaches in corporate governance (which may actually be illegal activities in violation of Sarbanes-Oxley), excessive operating costs, lost customers and sales, increased risks, and put what should be a healthy company in distress.

A common theme of all Katzscan's business models, and at the true center of the solutions provided, is the convergence of achievable technologies and practical business sense to bridge disconnects.

Katzscan resolves disconnects that can result in:

*Fraud*

*Supply chain problems*

*Loss of knowledge*

*Lack of information (business intelligence)*

*Compliance failures*

*Good governance lapses*

*Security gaps*

*Unmanaged and unrecognized risks*

*Lack of business continuity planning*

As people, processes, and applications become engaged and connected, visibility to operations increases; silos of information are replaced with transparency, and departmental fiefdoms are torn down. Managing by exception becomes managing the exceptions, which should be reduced to few, if any, and the company is holistically healthier, which will be noticed by employees, customers, and suppliers.

For more information: [www.disconnecteddots.com](http://www.disconnecteddots.com)