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A publication by and for the employees of Kurt Salmon Associates

The Observer



Helping Tiffany & Co. prepare for the 21st century

by **Craig R. Zupan**

(with thanks to Al Bolet, Mike DeBruyn, Shaz Kahng, Robert Kaufman and Al Sambar)

NEW YORK CITY

Two jewels of their industries are shining brightly together in one setting. Kurt Salmon Associates is helping Tiffany & Co., the world renowned jeweler, improve in three business areas: Information Technology, Logistics and Merchandising. Tiffany & Co. was looking for a company that could provide turnkey solutions. KSA was able to do this.

In 1990, Jim Voltner, Tiffany & Co.'s Vice President of Distribution, asked *Randy Moore* to develop a Logistics Strategy with the following three initiatives:

- ✓ Facility Planning Project
- ✓ Warehouse Management System (WMS) Package Selection
- ✓ Customer Service Center (CSC) Implementation

In 1994, Len Greendyk, Tiffany & Co.'s Vice President of Business Systems Technology, asked *Robert Kaufman* and *Lee Griffith* to develop an IT strategy to:

- ✓ make Tiffany & Co. Year 2000 compliant,
- ✓ implement an ERP solution, and
- ✓ expand data warehousing and data mining capabilities.

In 1996, Linda Hanson, Tiffany & Co.'s Vice President of Merchandising, asked *Shaz Kahng* to develop a new Merchandising Strategy. That led to:

- ✓ development of a product category management strategy, and
- ✓ implementation of product category management into retail operations.

Year 2000

Tiffany & Co. is highly automated. It has a multi-tier computer infrastructure that supports company-wide, location-specific and end user business applications. Automated equipment is used in manufacturing, distribution and sales. It relies heavily on many vendors and suppliers,



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The Tiffany & Co. File

- Internationally renowned jeweler and specialty retailer whose products are distinguished by superlative design, impeccable quality and enduring value.
- Founded in 1837
- Products sold in more than 100 Tiffany & Co. stores and boutiques worldwide, as well as through other fine jewelers, select department stores and direct marketing.



In recent years, it has grown through key strategies:

- ✓ Expansion of its distribution to become accessible to more customers around the world
- ✓ Merchandise offerings that are immediately recognized as distinctive and of the finest quality
- ✓ Marketing the company's competitive advantages in compelling ways
- ✓ Customer service that is in keeping with Tiffany & Co.'s reputation for excellence.

business partners and wholly owned subsidiaries. Ensuring

When Tiffany & Co., turned to KSA for help in implementing several business solutions, we did not disappoint them. Our answers have solved complex and outstanding questions, placing Tiffany in a more competitive position as the world famous jeweler enters the new millennium.

that all components are Year 2000 compliant is a large task.

To solve the Year 2000 problem, Tiffany & Co. sought a firm with solid large project management experience, since the effort would span all its computer systems applications, plus its vendors and business partners.

Through our Millennium Management® Services, KSA

assigned *Al Bolet* and *Craig Zupan* to take Tiffany & Co. through our three-phase process. During each phase, KSA teammates—*David Birdsall*, *Renee Bryant*, *John*

Kuester, *Rick Keller*, *Bruce Klopfenstein*, *Brandon McGahee*, *Steve Popyach*, *Craig Robbins* and *Alan Tingle*—joined the base team to assess scope, structure projects and apply good software engineering practices.

As the project moved forward, KSA also upgraded six business applications with approximately 2 million lines of code. KSA project managers worked with an offshore partner that provided tools and staff to make the actual code changes.

In the past 12 months, KSA has helped Tiffany & Co. identify more than 400 computer systems and business applications that needed to be replaced, upgraded or remediated. More than 100 projects addressed these systems. To date, 27 projects have been completed, 45 are in process and 35 will be

started as other efforts are completed.

Logistics 2000

Tiffany & Co.'s in-house business applications have more than 6 million lines of code. Once state-of-the-art, the systems have become old, outdated, difficult to integrate and costly to maintain. Tiffany & Co. elected to replace its mixture of old legacy systems and package applications that didn't interface well with a JD Edwards enterprise-wide solution.

The choice was based on a number of reasons:

- Tiffany & Co. already was using JD Edwards' financial systems domestically to automate its GL, A/P, A/R and Fixed Assets and Sales Order Entry systems internationally to process store orders. Choosing JD Edwards for manufacturing, inventory and distribution processes would guarantee a clean interface with existing implemented systems.

- JD Edwards provided its manufacturing systems in

a Client/Server format that will work well with existing AS/400 applications that had been installed or were about to be installed at Tiffany & Co.

- JD Edwards systems met Tiffany & Co. business requirements.

Again, Tiffany & Co. was faced with a large cross-company project that would take years and millions of dollars to complete. Management wanted a firm that understands the business, has proven large project management experience, ERP implementation experience, and could provide a consistent base of personnel for the duration.

Tiffany & Co. turned to KSA, which assigned *Al Bolet* and *Robert Kaufman* to take the jeweler through our package implementation process. Key team members included *Ashish Jhalani*, *David Birdsall*, *Chuck Kaste*, *Marty Farley* and *Vinod Rangarajan*.

Before this implementation effort, KSA assisted in documenting existing systems, identifying business requirements and running



conference room pilots. With this effort, KSA will be the driving force behind implementing JD Edwards' Supply Chain modules.

Data Warehousing & Data Mining

Over the years, Tiffany & Co. has developed an extensive data warehouse on its AS/400 computer platform; it stored transactions from most business applications. Size made modification difficult and access slow, and this inhibited access to critical planning information.

To facilitate greater access by individuals and new business applications, KSA redesigned the warehouse to store the additional information needed for new applications and implement smaller subsets of the data warehouse (Data Marts) that were dedicated to serving specific applications. The Data Marts would offload the existing and new application hits from the main warehouse.

Implementing this redesign meant identifying where existing data came from, where new data would come from and understanding what it represented. Tiffany & Co. needed a third party, non-partisan group to enable a solution and figure out how to design a multi-dimensional data warehouse.

Through our data warehousing and data mining service, a KSA team of *Bruce Klopfenstein* and *Andy Chou*, led by *Robert Kaufman*, helped Tiffany & Co. reengineer its main data warehouse and implement a number of data marts.

The Data Marts support five applications: Financial

Planning, Merchandise Planning, Inventory & Acquisition, Aggregation & Reconciliation and Product Category Management.

The main warehouse resided on the AS/400 under Essbase/400. Transaction information flowed in from the legacy business applications that were housed on the AS/400 and from Client/Server business applications housed on NT applications servers. The Data Mart resided on the NT servers under Essbase Analysis Server and new data was routed from the AS/400 main data warehouse.

Customer Service Center

Tiffany & Co. has pursued long-term growth through various strategies, ranging from penetrating new domestic and international markets by opening more stores and boutiques, to increasing direct marketing sales. It also plans to add to its product offerings, which have always been its most compelling competitive advantage, by providing innovative creations and additions to popular collections. To continue to service its expanding business, Tiffany & Co. needed to update its warehouse, distribution and customer service facilities.

The company turned to KSA in 1990 to provide direction in defining a strategy to address current and future needs. KSA, through its Logistics group, assembled a team of *Randy Moore* and *Jim Giddings* to put together a logistics strategy that would determine the appropriate number and size of DCs to support Tiffany & Co.'s planned growth.

In 1994, *Randy Moore*, *Jack Horst* and *Marian Read* began work on a facility planning project for the new Customer Service Center (CSC) in Parsippany, N.J.

The next year, this project expanded to include a WMS package selection; and *Mike DeBruyn* and *Steve Schlehuser* joined the KSA team.

The new CSC, with radio frequency (RF) technology and improved material handling equipment, was designed to accommodate Tiffany & Co.'s robust sales growth while still ensuring excellent customer service and order accuracy.

In 1996, the KSA team embarked on the CSC Implementation. Working on site, *Mike DeBruyn* was joined by *Jason Little*, *Kathy (Smith)*

Nichols, *Enrique Morales* and *Al Sambar*. After the start-up in April 1997, Enrique, Al and Mike remained on-site for support. *Valerie Levy* joined the team as KSA's involvement moved to productivity improvement.

In early 1998, as Tiffany & Co.'s annual growth surpassed projections, KSA conducted another logistics strategy project to assess distribution capacity.

Category Management Definition

To improve the reach and information content of its marketing, Tiffany & Co. decided to change how it viewed its product and product line. Tiffany & Co. wanted a new concept in product category management that

Top Scores for Tourette



One of Tiffany & Co.'s charities is the Tourette Syndrome Association of New Jersey. Bob Davidson and Larry Segall of Tiffany & Co. serve on its executive committee. KSA has helped Tiffany & Co. support this cause by participating annually in its Golf Tournament and Auction fund raiser, which provides a majority of the funds that help people affected by this syndrome. KSA personnel in this year's event are (left to right) *Rick Keller*, *Robert Kaufman*, *Craig Zupan* and *Al Bolet*.

KSA helped Tiffany & Co. define its customer categories for more efficient sales presentations

would put products into categories that closely resembled the way customers shop.

To develop an understanding of the consumer's perspective and define appropriate categories, Tiffany & Co. needed help from people who had the knowledge and experience to lead a company through the transition. It needed to categorize its products according to customers' shopping patterns, then test, refine and roll out its new merchandising approach to sales units.

KSA provided the people and resources.

Through KSA's product category management service, *Shaz Kahng* and *Imtiaz Patel* worked with Tiffany's Merchandising Group to implement product category management.

The KSA team reviewed its retail strategy to determine what categories were needed. *Shaz* and *Imtiaz* looked at all products and SKUs and put them into categories defined from a consumer's perspective. The categories were:

- **Tiffany Lifetime**—people shopping for engagement or wedding gifts, anniversary presents, baby gifts—things to celebrate life events.

- **Tiffany Staples**—non-jewelry products and more quick-turning products.

- **Tiffany Classics**—fine jewelry products.

- **Tiffany Twists**—high-end, high-priced fashion jewelry.

The results were confirmed by consumer research and consumer segment analysis.

The KSA team then performed an analysis by building a database that allowed it to drop the SKUs into these categories, then taking a baseline of how these categories performed. We built a category management process because the company didn't have one. KSA gave Tiffany & Co. our category management analytical toolkit, developed by *Shaz Kahng*. Next, KSA designed a proprietary software system that Tiffany & Co.'s IT Group developed and implemented to systemize the analysis process.

The second phase of our work in Product Category Management will be to use the results of our baseline analysis to make changes in stores that cover assorted product introduction, pricing strategy, replenishment, visual merchandising and store layout. This project is expected to begin shortly.



Harinder Lamba, Butch Price and John Polluck enjoy conversation during a dinner at John Champion and Penelope Malone's home. The gathering allowed members of the 118th orientation class to meet other KSAers and get to know each other better.

Every night...

Orientation class provides enthusiastic, promising learning experiences

by Larry Stewart

ATLANTA

Enthusiasm, exuberance, anticipation, fun, excitement... these are only some of the adjectives that can be used to describe the feelings of all those associated with KSA's 118th orientation class.

At 90 strong, this was KSA's largest class ever. It is a testament to KSA's commitment to growing the firm to meet the needs of its clients. People from all over the world convened at Sheraton's Colony Square Hotel in Atlanta July 13 – 24, 1998. The class was too big to fit in the Atlanta Office Professional

Development Center. Like one of our mottos opines, "Size Does Matter."

The orientation consisted of learning general KSA philosophies, methodologies and terminology. Led by *Barb Rarden* and *Chuck Easley*, there were plenty of power-packed sessions including time management, Outward Bound, change management, writing skills, and lots of service group presentations by our

firm's talented leadership.

The unofficial motto of "Every night is Saturday night" took hold from day one with a multitude of trips to Buckhead for drinks, trivia, and bonding. There were Braves games, golf outings, movies, and other extracurricular activities.

The 118th class had ample opportunity to show its future value to the firm in the way of presentations, speaking classes, creative introductions, and breakout sessions.

However, the mother of its labor was the service presentations. If you have ever wanted to learn about KSA and laugh while doing it, please take the opportunity to view the videotape of the group's skits on the final day of the class. It was arguably the best set of presentations KSA has ever seen. From Family Feud to poetry readings to ER Live, we had the opportunity to see the creativity, ingenuity and humor of our class and what KSA has to look forward to.

The 118th class expects to add a tremendous amount of value in the future. And always remember, as you meet your new colleagues, every night is Saturday night!

A special thanks to Libby Morgan for her Herculean effort in organizing this orientation class (and all the others). Well done, Libby!

Millennium planning for Henry Medical Center

A small Georgia hospital takes advantage of KSA services to prepare for the next century

by Jennifer Kehoe

STOCKBRIDGE, GEORGIA

With the first day of Year 2000 less than 500 days away, the health care industry is just beginning to address the massive information system overhaul needs for hospitals and other health care organizations to function normally past the millennium.

It is necessary for these organizations to stringently test their systems and equipment to ensure patient care is not in jeopardy because of system date problems. Malfunctions in biomedical hardware,

billing and patient care systems or engineering and facility control systems can present serious problems.

Henry Medical Center (HMC) in Stockbridge, a 124-bed facility in one of Georgia's fastest growing counties, takes seriously its need to be prepared on Jan. 1, 2000. However, Henry may be in a minority.

According to a survey completed by Gordon & Glickson in 1997 (*Russ Coile's Health Trends*, May 1998), "Only 30 percent of U.S. hospitals have devised strategies to retrofit their computer sys-

tems to handle dates in the year 2000 and beyond."

Enter Hamilton-HMC

Hamilton-HMC is helping Henry navigate this Year 2000 storm. Initially, Henry Medical Center engaged Hamilton-HMC to complete a tactical planning assessment. *Dennis Holz, Erik LaValle and Tim Walter* reviewed HMC's preparation for Year 2000, its resource allocation, and approach toward information system purchasing.

The project team discovered that although the hospital thought it had Y2K issues under control, many tasks still needed to be completed. Yet Henry lacked resources to get the job done in the allotted timeframe.

Based on recommendations from the Hamilton project team, HMC created an overall project structure to address Year 2000 issues. This included a governance committee with physician participation to oversee all Year 2000 projects and a Y2K Project Officer to monitor the process the hospital would take to become fully Year 2000 compliant.

In addition, project managers were appointed for facilities, biomedical and engineering.

Many departments required immediate implementation of new systems,

especially Radiology, Perioperative Services (OR) and Materials Management.

Project managers guided the implementation of these new systems; however, the task of implementing a new system required extensive staff resources that Henry was not able to commit internally.

HMC again engaged Hamilton to provide project oversight to the Materials Management implementation and project management to Radiology and Perioperative Services implementation. *Erik LaValle* was assigned to Materials Management and Perioperative Services and I tackled Radiology Services.

Methodical Replacements

So how does a project manager go about replacing an entire system that has been in place for several years, has been customized to meet the hospitals needs, and that the staff is both comfortable and familiar with? The answer is: *very methodically!*

Information system implementation ranges from business process reengineering to testing, from policy and procedure development to turning on the system. Each step taken by a project manager is critical to the successful implementation of the new system. Project managers must work closely with the hospital staff and the system

vendor to ensure the project stays on track and meets the hospitals' needs and goals for implementation. This requires a project manager who understands the business goals of both the department and the hospital, recognizes problem areas, and manages the expectations of the staff and physicians to ensure a smooth transition.

With weekly meetings and a formal reporting process setup by Hamilton-HMC, Henry Medical Center is well on its way to Year 2000 compliance. The first of the three implementations, Materials Management, has already begun to function.

Hamilton-HMC's remaining two implementations are well on their way. However, we face the challenges of scarce resources from vendors, competing with other customers of the vendors, and the simple fact that there is a definite deadline that can't be changed.

Henry is a small hospital in a community of health care organizations that number in the thousands. It should be commended for taking action early and taking the problem seriously. Year 2000 is now the topic of discussion not only among the information management professionals, but also among all health care professionals who have a stake in providing safe, quality care.

Is your local hospital ready for the millennium?

At Henry Medical Center, Year 2000 is now the topic of discussion, not only among the information management professionals, but also among all health care professionals who have a stake in providing safe, quality care.

Beyond Y2K in the apparel industry

A nasty little secret ... your customers and suppliers expected you to proceed without interruption anyway.

By Mike Barnes

NEW YORK CITY

In the July 1, 1998, *CIO Magazine*, author Scott Kirsner describes an exchange at a Year 2000 conference workshop. One attendee asks how he can create a contingency plan for having no power and no telephone. Another attendee responds that if there is no power on January 1, there is no Year 2000 problem.

Boy, that was close! Actually, it still will be close. But all-in-all, you feel confident. You have swallowed an uncomfortable increase in your IT budget over the past 18 months. All

While we fixed the Y2K tactical problem, the market moved ahead with its demands, technology continued its surge, and a few competitors found a way to continue strategic IT investments.

of your discretionary systems and programming effort, coupled with many software package upgrades and an army of consultants checking every line of code, have been devoted to one issue. Every employee's desktop and every embedded microchip—including the one in your manufacturing VP's pacemaker—have been tested and certified. After all that, you can now tell your board of

directors, your shareholders, your customers and your competitors that you have dodged the Y2K bullet.

Just after the ball drops in Times Square and the calendar reads 01/01/00, you are as sure as is reasonable—with 7 million lines of computer code absolute certainty is elusive—that you will be able to process all of your routine transactions without any business interruption.

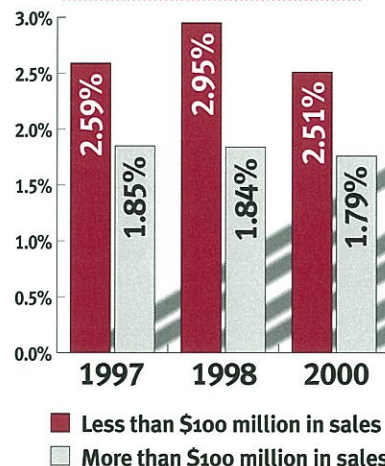
What a nice feeling. Let's give the IT department a big "attaboy" for a messy job well done.

Rain or Shine

I hate to rain on your parade, but I have a nasty little secret to share. Nobody—none of your customers, none of your suppliers and certainly none of your consumers—cares

Company IT Costs

As a Percent of Sales



KSA and the Bobbin Survey

Here's IT information your clients can use

For the past three years, KSA has contributed an IT section of features to *Bobbin Magazine*. *Bobbin*, a publication tailored to the sewn products industry, is read by 30,000 executives worldwide. This year's IT section appeared in the September issue.

For the past two years, KSA has surveyed information technology executives to learn how much their firms spend on IT, their plans for the next 24 months, and their firms' major issues and hot buttons. A KSA IT panel, led by NYO-based Mike Barnes, formulated questions based on issues consultants see in their everyday assignments.

Mike Barnes' article in *Bobbin*, excerpted here, explains what IT executives are up to with their dollars and makes sense of IT spending and Y2K/post-Y2K conditions in the apparel industry.

Other features by KSA staff include:

- *5 Do's and Don'ts of POS Data Warehouses for Retailers and Suppliers*, by Troy Conover.
- *Your New Risk—an Unresponsive IT Infrastructure*. To succeed with Enterprise Resource Planning (ERP), address this effort as a fundamental shift in how an organization will do business, by Paul Schottmiller.
- *Executive Information Systems (EIS): A tool for top management*. Potential Pitfalls and 5 Success Factors, by Bryan Eshelman and Ashley Skatoff.
- *Automating Your Distribution Practices with a Warehouse Management System (WMS)*. Use systems specialists and materials handling experts to design and deliver a solution to meet your company's objectives, by Rob Oglesby and Steve Knapik.

that your routine business transactions will proceed without interruption. Hey, they expect that of you.

And not only do they believe there will be no Y2K confusion, no Year 2000 interruption, but they also think your solutions will have absolute

accuracy at minimal cost. So, before you get too comfortable with the success of your Y2K program, let's look ahead.

Forgotten Expectations

This year's annual *Bobbin Magazine* Internal Technology IT issue, developed with

the insight of Kurt Salmon Associates, looks at life beyond the Y2K computer systems problem. The U.S. apparel industry has focused most of its IT energies over the past couple of years on fixing the Y2K problem. In doing so, it has, for the most part, dodged the Y2K bullet.

But in remediating existing information systems and installing new year 2000 compliant transaction processing systems, we have not gained any real advantage from our IT investments. All we have done is meet the minimum expectations of our market.

In a very real sense, we have lost ground while we paused to fix our existing systems. The market has moved ahead with its demands, technology has continued its surge, and a few competitors have found a way to continue strategic IT investments while most of the world was fixated on the Y2K tactical problem.

This is a serious condition in the apparel industry. The industry must move beyond the year 2000 issue and resume its investment in strategic IT initiatives.

Bobbin and KSA have addressed this issue with the annual *Bobbin* IT Survey. After polling *Bobbin's* readers, KSA IT experts addressed key IT application areas where the industry is starting to make "beyond Y2K" strategic investments.

The survey results, summarized in the accompanying chart and graph, show the U.S. apparel industry is well along on its year 2000 remediation; they also show that many firms are ready to resume aggressive invest-

ments in systems and technology that will give them a competitive advantage.

IT spending as a percentage of sales is at an all time high in the apparel industry and while our survey respondents expect a slight dip in 1999 as their Y2K efforts conclude, spending on IT will continue at levels that are fundamentally higher than a decade ago.

✓ IT spending as a percent of sales up is one full point (from 1.4% to 2.4%).

✓ An encouraging 65 percent of systems are ready for the new millennium. And most of the remaining apparel firms have the year 2000 fix well in hand. Last year, survey respondents indicated that only 23 percent of their sys-

tems were Y2K compliant.

✓ Survey respondents plan key IT investments over the next 12 to 24 months.

✓ Executive Information Systems, warehouse management systems (a favorite last year as well) and integrated ERP systems top the wish list in 1998.

✓ Interest in Web enabled (internet and intranet) applications surged in this year's survey. More than 80 percent of our surveyed firms are embracing this new technology, both for better access to their consumers and particularly for efficient sharing of information across their far-flung supply chains.

✓ Finally, a surprising 70 percent of respondents are starting to understand and

address the emerging collaborative business practices and cross-enterprise systems that supply chain management uses to drive cost and inventory out of the whole soft goods chain.

There is indeed an IT life beyond the Y2K issue. We are encouraged that our industry is starting to look beyond simply fixing its systems, for example, to bring them up to the minimum expectations of the market.

We hope this year's *Bobbin* IT issue will help you form your own "beyond Y2K" plans.

Copies of the complete series of articles are available from the Communications Dept. or from your office coordinator's supply.

Company IT Progress and Plans

	Less than \$100M	More than \$100M	
Fixing Y2K	System already programmed for Y2K	40.4%	44.6%
	System remedied and tested for Y2K	18.9%	31.8%
	System not started to be remedied for Y2K	39.3%	23.6%
In what IT areas to you plan to invest?	ERP systems	15%	19%
	POS data warehouse	4%	17%
	Warehouse management systems	27%	21%
	Executive Information Systems	38%	19%
	Product Develop Systems	12%	19%
	Other	4%	5%
Plans to make applications web-enabled?	No plans	21%	14%
	Plan some minor web enabled applications in '98 and '99	64%	36%
	Have some web-enabled applications now	7%	29%
	Plan extensive web enabled applications in '98 and '99	7%	21%
Will Supply Chain Management techniques impact your business in next 24 months?	Don't know	7%	0%
	Will have minor impact	36%	15%
	Will have a major impact driven by internal initiatives	0%	54%
	Will have a major impact driven by customers and/or suppliers	57%	31%

KSA chosen to help Maxim implement SAP Retail

Success at Tractor Supply Co. and strong executive relationships provide winning combination for new contract

By Dean Sivara

KENNESAW, GEORGIA

KSA has won an exciting engagement to help Maxim implement the SAP Retail software product. This engagement represents the second major victory

KSA has achieved in the SAP Retail integration business, the first being Tractor Supply Company in Nashville.

Maxim is a \$900 million floor-covering retailer that sells carpeting, wood and other types of flooring to

consumers and contractors. With its recent acquisition of Shaw Carpet Retail stores, Maxim has more than 300 stores throughout the United States, most under the name of Carpetmax. Maxim is headquartered in Kennesaw, Georgia.

Implementation began on June 15, with a project management kickoff meeting. Using SAP's Accelerated implementation methodology, the projected "go-live" date for the retail solution is February, 1999.

Maxim will implement functionality in Merchandising, Stores, Distribution, Order Management, Marketing and Finance. Maxim is unusual among retailers, in that the majority of its sales are make-to-order, more like a manufacturer. Although it has over-the-counter sales, the bulk of its business is through direct orders to install carpet and other flooring in

homes and offices. The need for real time order management and tracking capabilities, along with common enterprise financials, were two reasons SAP Retail was chosen over Oracle/GERS and Peoplesoft/ Intrepid.

Maxim has been a KSA client for the past eight months, which helped KSA win the integration business. Stiff competition was provided by Deloitte and Touche Consulting, but in the end our strong executive relationships and SAP Retail success at Tractor Supply Co. were the winning combination. Congratulations to the sales team of Barry Moore, Joe Irastorza, Dean Sivara and Mark Chandler, and good luck to the implementation team.

With our second significant engagement as an SAP Retail system integrator, KSA is well-positioned to become the industry leader for 1998, heading into 1999.

Tractor Supply Co. readies for SAP retail startup

NASHVILLE, TENN.

Tractor Supply Company is only days away from a "go-live" date of October 24, making it one of the first SAP Retail installations in North America. The consulting team, led by KSA, with SAP partners Precient and Holland Technology, is working feverishly to achieve the deadline.

The final phase of the Accelerated SAP (ASAP) methodology calls for the team to finalize all system configuration and testing, while conducting end-user training during September and early October.

End-user training is a monumental effort for a retailer like Tractor Supply Co., with 250 stores and four distribution centers scattered across 25 states. Planning and execution are critical, along with the continual need to inject change management principles into the rollout process.

To date, Tractor Supply Co. has been a model SAP implementa-

tion; its top management has spent many late hours with the team to establish the new business processes and technical infrastructure.

Having the direct involvement of client executives has been especially important on this project, given the newness of the SAP Retail product in North America. Every new software release has issues that need quick resolution to keep a project on-time and on-budget.

In our next Tractor Supply Co. update, we hope to celebrate being one of the first SAP Retail installations in North America. Stay tuned!



The KSA Team at Maxim

The aggressive eight-month implementation will be completed by a team of combined talents from multiple SAP service providers. KSA is the prime integrator and will manage resources from SAP Consulting and SLI Consulting. The project team follows:

Account Executive	Joe Irastorza
Project Executive	Dean Sivara
Project Manager	Carol Evans
Process/Change Mgr.	Christian Borthayre
Retail Team Lead	Gary Liou (SAP)
Retail Consultant	Christian Borthayre
Distribution Team Lead	Martin Voshell(SLI)
Distribution Consultant	David Sauls
Finance Team Lead	Mike Mays(SAP)
Finance Consultant	Leann Kesler(SAP)

Keeping our culture strong

Our culture is alive and well, and will remain so if we all stay committed to it.

By Pam Beckerman

KSA is growing steadily. At the Orientation we held this past summer, we had almost 100 people.

With this growth comes the inevitable question: What is going to happen to our culture? Many of us work for KSA because of the collegial, warm atmosphere (high tech, high touch) and the firm's integrity and responsiveness to clients and staff. We want to preserve these special qualities as we grow.

The good news is our culture is alive and well, and will remain so if we all stay committed to it. Here are some suggestions for how we may contribute to preserving our culture.

Wear your KSA

shirt with pride!

Advance the spirit

of the firm by

serving your

clients with

excellence.

Honor KSA's values

The heart and soul of KSA are its values:

Clients Interests First

Diversity

Innovation

Integrity

Mutual Support

Respect for the Individual

If our on-going actions reflect these tenets, we will stay a firm we can all be proud of.

Talk the Walk

Of course, we should walk the talk: model the behaviors we want others to exhibit. In addition to that, we need to

talk the walk: make explicit the expectations for what it takes to be successful, doing outstanding work for clients. This means articulating performance standards, documenting our body of knowledge, and sharing the unwritten rules for client relationships.

As we get bigger and more far-flung, we need to make sure we capture and disseminate all the wisdom KSAers have to offer to one another.

Make the Effort

We are busy, results-oriented people. When we are driving for a deadline, we may not take the time to coach our team members, share our ideas, or encourage someone who is struggling. Being collegial means we are in this together. Make the effort to be there for your colleagues. The pay-off is that they will be there for you.

Keep Your Perspective

Yes, we get calls from headhunters. Yes, not everyone at KSA is perfect and we do not agree with every decision that is made. The reality is, there are no perfect workplaces or people. It might be kind of boring if there were.

Keeping sight of the big picture and our goals helps us stay focused on staying the course.

A healthy sense of humor helps too.

Promote Corporate Citizenship

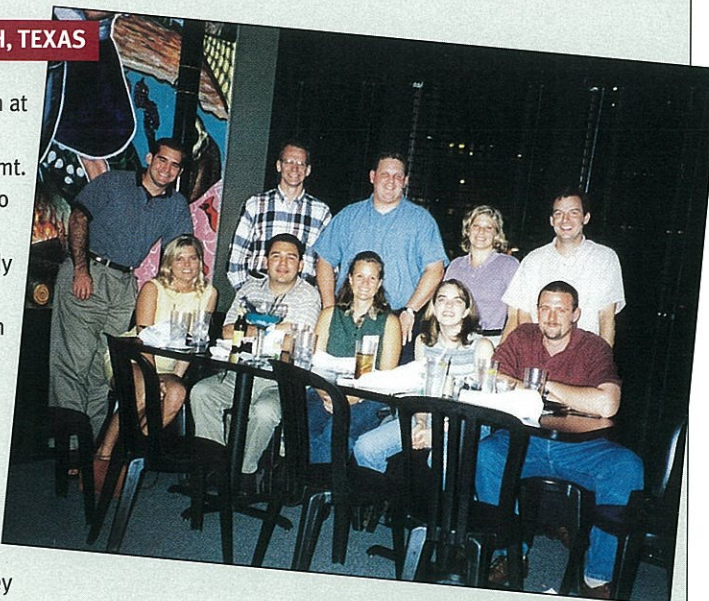
Wear your KSA shirt with pride! Advance the spirit of the firm by serving your clients with excellence, getting involved with recruiting, and/or volunteering in your community.

Kurt would be proud.

Blockbuster end of implementation bash

FORT WORTH, TEXAS

The entire team at dinner at Billy Bob's Restaurant. Back row (left to right): Tucker Davidson, Randy Moore, Scott Sangrey, Megan DeBore, Brad Jenkins. Front row (left to right): Cara Balak (Tucker's fiancée), Eddie Perez, Jana Hughes, Whitney Hersin, Chris Bowd.





Our intrepid fishermen and their even more intrepid bush pilot: Fortunately, their flights were without incident.

Moon over Alagnak

Between the bugs and the bears, our intrepid KSAers risked life, limb, and pepper spray to fish one of Alaska's pristine rivers in the adventure of a lifetime

By Jeff Butler, Chris Dahm and Bob Murrah

KING SALMON, ALASKA

Have you ever wondered what it would be like to spend a week in the Alaskan wilderness, float down a remote river, witness the mysterious migration of salmon to their

spawning grounds, or fish for trout and salmon along with the bears?

We returned from such an adventure in August and we're delighted to have lived to tell you about it.

Our "expedition" began about two years ago in the form of innocent

"wouldn't it be great" discussions; we've long been fishing buddies, and most of our tall tales include Bob's brother Lance and ex-neighbor Marty Sanford.

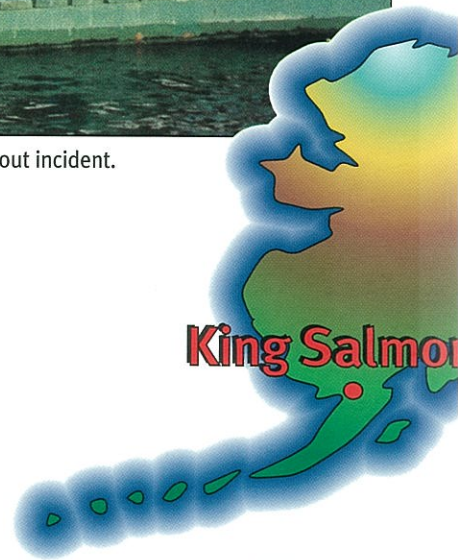
On this occasion, our fantasy soon became reality. All five of us found ourselves forking over a deposit for an unguided float trip down the Alagnak River.

Alaska Adventure

We arrived in King Salmon, Alaska, a day early to recover delayed luggage, shop for groceries and collect

gear that we couldn't bring from the lower 48. Much of our last-minute gear was very "bear-oriented": bear-proof food containers, highly disagreeable pepper spray specially formulated for bears, and grizzly-caliber ammunition for Bob and Marty's assortment of hand-held artillery. More on bears in a moment.

The next morning, we piled into a van to Branch River Air Service and were whisked into the wild in two flights. Bob, Marty, and Lance



took the first flight on an ancient Dehavilland Beaver; *Chris* and *Jeff* followed shortly thereafter in a newer but much smaller Cessna 206. (While our pilot was skirting mountaintops, scouting for caribou, and ignoring the repeated stall warnings, we suddenly realized we should have paid more attention to their NTSB accident report.) Fortunately, both flights were without (life-threatening) incident, and by the time the second plane landed safely, the rafts were already inflated and the gear ready for loading. After two years, the trip finally got under way.

Minutes downriver, *Chris* hooked up with a hideously ugly chum salmon and lived up to his reputation as an excellent fly-fisherman. *Chris* has an uncanny ability to read water and find fish. Throughout

the week, he served as our fishing barometer: any place we stopped, we waited for *Chris* to start catching fish

before anyone else started in earnest.

At the end of the first day, we camped about 30 feet up a hillside and had a fabulous view of the Alaskan tundra. Thus began what would become our nightly routine of setting up camp. About 4:00 in the afternoon, we would find a suitable campsite, slather on bug dope, unload the gear, set up a makeshift kitchen downwind, pitch the tents, gather firewood, fix supper, clean up, put the food (and garbage) back in the bear-proof con-

tainers, then fish until dark (around 11:00 p.m.).

We all had fun with the chums throughout the week. As soon as a chum re-enters fresh water to return to his birthplace, the salmon begins a fast and horrific transformation into a hook-jawed, snaggle-toothed, fungus mottled, aquatic monster. Chums tend to find slack water where they flounder and die after spawning. This presented a problem, as these dying, easy-to-catch bear-snacks were often a couple of feet from our tent. Naturally, one of the nightly rituals of bear-safe camping was to remove the chums from the vicinity, whether by chasing them, or simply waiting for them to die and then pushing them back into the main flow of the river.

Bear With Us...

We rigorously practiced bear-safe camping. This included preparation and storage of all food at least 100 feet downwind of the camp, storage of food in bear-proof containers, keeping the rafts at least 30 feet apart (Per a park ranger: "Bears like rubber.") making A LOT of noise, and keeping bear spray with us at all times.

We saw several bears along the way. Generally, they kept their distance and were content to fish in solitude, eat berries, cross the river, or do whatever their ursine instincts compelled them to do.

Our grizzly greeting of choice became "Hey, Bear!" This caused some excitement when "Row the raft down the

left fork of the river" was simply stated as "bear left."

We did have one bear nearly stumble into our camp. *Jeff* and *Chris* heard the animal crossing the river and moving around in the underbrush a scant 40 or 50 feet away. After a few exciting moments of yelling, whistling, and general mayhem, the unwanted visitor ambled away. *Jeff* was so spooked that he slept with his hand on a shotgun for the rest of the week. Always the calming influence, *Bob* suggested that the overnight visitor was not a bear, but rather a moose and so dubbed him "Rumor Bear."

Wildlife Includes Bugs

It was amazing to see the abundance of wildlife: bears, moose, countless bald eagles, osprey, hawks, beavers, tundra swans and a lone caribou.

The real predators in the North Country are not the bears, however, but the bugs. We grew accustomed to views of the world through bug-proof head nets and the aroma of industrial strength bug dope. We also learned

that it is easier to overlook the hundreds of gnats on your plate of food if you apply a hearty dose of coarse-ground pepper.

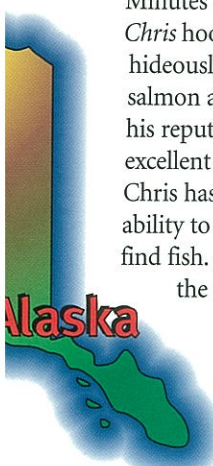
We caught several species of fish during the trip, including chum, king and pink salmon, rainbow trout, grayling and Dolly Varden. King salmon were schooling by the hundreds at the confluence of the Alagnak and Nonvianuk Rivers. As usual, *Chris* quickly hooked into one. We all followed *Chris*' cue, and the sight of a 30- to 40-pound king salmon taking line, ripping downstream and leaping repeatedly was replayed several times over the next few days.

Over the course of the week we traveled downstream just over 40 miles. Thanks to *Bob*'s maps and satellite-based navigational aids, we arrived at our take-out point with two hours to spare.

In the end, we had great weather, fantastic scenery, and memories that will last a lifetime.

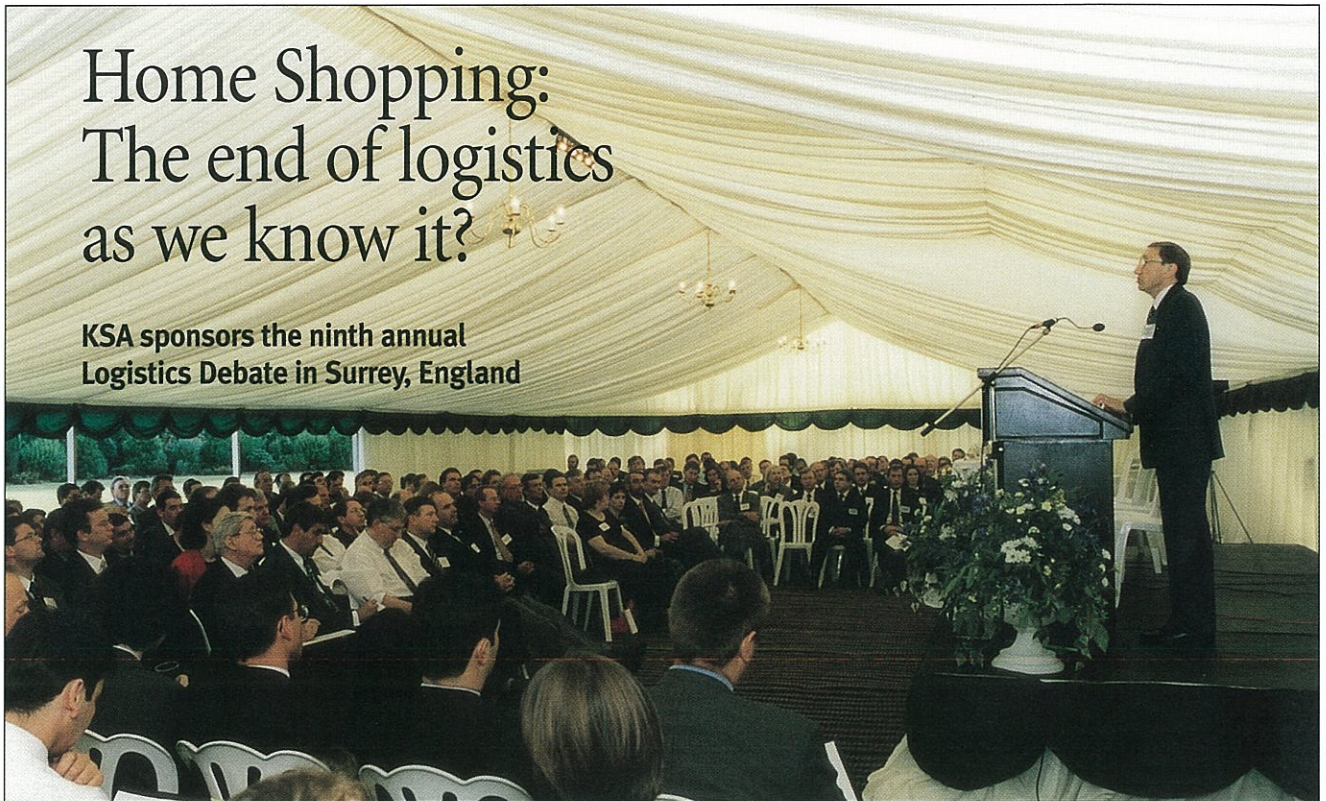
Anybody interested in going next year?

It was a trip of
great weather,
great scenery,
great friendship,
great fishing and
millions of bugs.
We survived it all.



Home Shopping: The end of logistics as we know it?

KSA sponsors the ninth annual
Logistics Debate in Surrey, England



SURREY, ENGLAND

The grand setting of an 18th century landscaped garden in Surrey, one of England's greenest and most beautiful counties, a bright July evening sun (the first for many weeks), and jugs of Pimms—that was the idyllic setting for the KSA UK-sponsored 9th Annual Logistics Debate. The event is one of the highlights in the UK

Home shopping will ultimately be constrained by what is economically and technically feasible in logistics.

logistics calendar—both from a business and social point of view. A top panel of speakers and excellent marketing campaign attracted some 400 guests.

While the evening was designed to consider a serious issue, the format lent itself to excellent networking opportunities: guests arrived for drinks and cucumber sandwiches, then listened to the debate and continued with relaxed discussion over a buffet supper.

It was an excellent event in which KSA could demonstrate its superiority and knowledge in the field of distribution and logistics, and link its name with that of the Institute of Logistics, the UK's premier professional body.

The evening was strongly branded KSA (all the promotional material featured the firm) and it provided an ideal opportunity for many KSAers—not just from the

UK but from the United States, Germany and Italy, too—to mingle with existing and potential clients.

Guests included representatives from companies such as Dairy Crest, Sainsbury, Parcelforce, Disney Stores, Woolworth, Argos, Early Learning Centre, United Biscuits, Procter & Gamble, Unilever, Nestlé and Black & Decker—a good mixture of retailers and key suppliers. Thirty percent were directors.

The theme of the debate—"Home Shopping: The end of logistics as we know it?"—proved to be a lively subject with strong views from the panel of speakers from Tesco, Grattan, United Distillers & Vintners, Hays and our own *Mohsen Moazami*, whose presentation on the impact

of the Internet was particularly well received.

Direct Delivery

The crux of the discussion revolved around consumers' high expectations and the difficulty in covering the last six inches in the supply pipeline—delivering direct into the home. The conclusion was that it was unlikely that the growth in home shopping would see the demise of established logistics principles, but that retailers and suppliers would need to rethink their physical distribution and stocking policies.

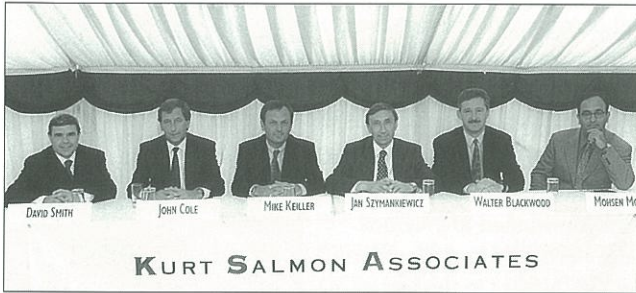
Suppliers, retailers and third party logistics companies will need to work even closer together and we must remember that home shopping will ultimately be constrained by what is economi-

cally and technically feasible in logistics.

KSA capitalized even further on the debate by inviting the media to attend. This resulted in articles in leading trade papers, covering the fashion, grocery, technol-

ogy and logistics sectors, as well as a 3,000-word feature, with pictures, for the Institute's own publication.

The event was so successful that KSA will sponsor it again next year.



The panel of speakers at the ninth annual logistics debate in Surrey.

UK Business Meeting

MANCHESTER, UNITED KINGDOM

Attending the recent UK business meeting are (back row, left to right): Patrick Moylan, Thomas Beckmann, Jan Szymankiewicz, Tony Smith, Katy Crowston, Alice Dabrowska, Devangshu Dutta, Peter Willmot, Richard Traish, Christian Watson, Diana Jones, Neil Banwell, John Karonis, John Beddows, Simon Shephard Walwyn, Keith Ashburner (HR team trainer), Nick Garratt. (Front row, left to right): Taza Mohammed, Phil Turnbull, Peter Brown, Norina Kanaan, Janice Ripley, Chris Baker, Dave Cole, Robert Blyth, Philip Michell, Anne Willig, Susan Colley, Linda Laderman (PR consultant), Caroline Baker.



Burlington Sale highlights strong growth plans

Operations Group meeting stresses teamwork, sales

By Jeffrey Sauls

ATLANTA The three U.S. regions of our Operations practice met in Atlanta this July to get to know new colleagues added to support strong growth, focus on new services and discuss exciting client activities—ongoing and upcoming.

A highlight was the announcement of a major new capacity development program with Burlington Industries.

Representing potentially 75 consulting years of involvement, it ranks among the largest in KSA's history. More importantly, it is a model for large program business development.

Led by Jerry Armfield, the development of this relationship and program concept was years in the making. It culminated in an integrated team including Jerry, Sergio Cruz, Mike Barnes, Bill Williams, Nort Eberly, Lisandro Sagastume,

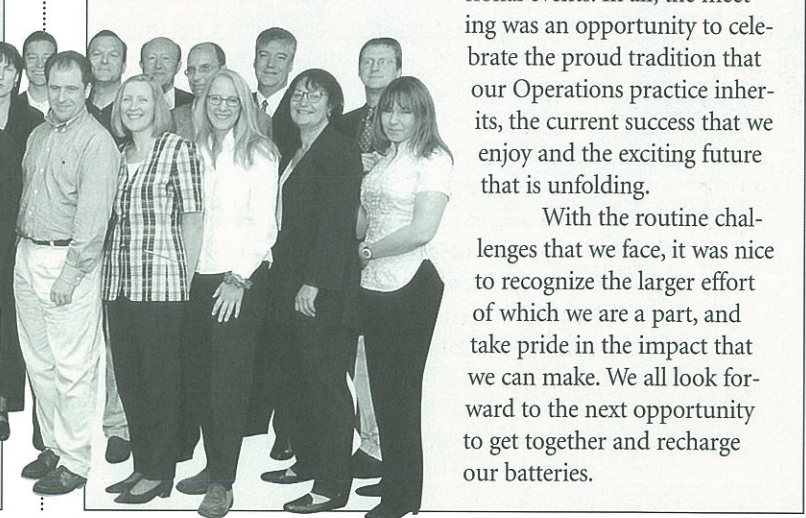
Juan Echeverry, Jeff Butler, Dave Cole and Fernando Silva developing the detailed implementation plan and landing the engagement. A shining example of patience, perseverance and collaboration. Congratulations to all involved.

This program is just part of the strong business activity in operations fueling a need to add 17 new consultants to all four regions by year's end. Five new consultants were introduced during the meeting, all added to the U.S. operations practice in the past year.

We are happy to welcome Josh Benton, Jeff Kingsley, Han Nguyen, Tony Olinger, and Jeffrey Sauls to our firm. It is easy to be optimistic about the future when you spend time with our new hires.

After the formal meeting, we gathered in the hotel lounge to get to know newcomers and catch up with the veterans, sharing personal and professional events. In all, the meeting was an opportunity to celebrate the proud tradition that our Operations practice inherits, the current success that we enjoy and the exciting future that is unfolding.

With the routine challenges that we face, it was nice to recognize the larger effort of which we are a part, and take pride in the impact that we can make. We all look forward to the next opportunity to get together and recharge our batteries.



Milestones

Congratulations to:

Lyn and David Carnes on the birth of a son, Andrew Robert, January 22.

Al and Phyllis Sambar on the birth of a son, William Davis, May 24.

Rick and Tracy Sanqui on the birth of a daughter, Raven Simone, July 16.

Audrey and Darren Frost on the birth of a son, Skyler Ian, on July 20.

Eva Desai and Corey Jester, married August 1.

Richard Ruffo and Diane Letourneau on the birth of a daughter, Alena Janette, on August 25.

Scott Hoerner and Ceci Cappel, married September 5.

Don and Mari Briones on the birth of a son, Matthew Dominic, September 10.

Cathie Heller and Leo Wierbick, married September 12.

New managers

Julie Gentry San Francisco

Julie is with the information technology practice of the Performance Enhancement Group (PEG). Based in San Francisco, Julie joined KSA in January, 1996.

Prior to KSA, she held management and staff positions with CB

Commercial Real Estate, Inc., Coopers & Lybrand, LLP, Harris Corporation and IBM.

At KSA, Julie has worked with clients to develop and implement practical approaches and solutions to meet business requirements, reengineer and manage technical support functions, and evaluate and select appropriate technology strategies and applications. Julie's work has provided in-depth experience with project scoping and management and Year 2000 remediation. Her industry experience includes apparel manufacturing and retailing, grocery and specialty retailing, entertainment, and commercial real estate services. Representative clients include Nordstrom, GUESS?, Levi Strauss & Co., Pier 1 Imports, and VONS.



In the rare moments when Julie is in town, she volunteers with an organization called Community Impact. They perform done-in-a-day projects, which include cleaning up beaches, planting trees, staffing a food bank, and restoring parks. She is also busy renovating her 1926 home, which was recently visited by El Niño.

Imtiaz Patel New York City

Imtiaz joined KSA in the summer of 1995 after completing his MBA at Columbia Business School. Since joining the firm he has focused

on strategy, process improvement and category management projects with such clients as Tiffany & Co., Bally, Pfaltzgraff and Zellers. Currently, he is in the midst of a business transformation project for Cranston Print Works.

Since joining the firm, Imtiaz has taken a strong lead in our recruiting efforts. Currently, he is the NE recruiting coordinator for the strategy practice and campus executive for both Columbia and Kellogg.

Most of Imtiaz's time



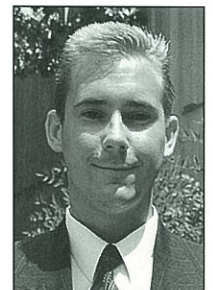
outside work is taken these days by his six-month-old son, Zaa'im. He and his wife, Jahida, enjoy traveling, having traveled extensively around Europe and Asia. With the traveling, he has developed an interest in international cooking, frequently rustling something up for friends and family.

Michael Saunders Los Angeles

Mike is with our west coast PEG IT practice. Trained as an engineer at Virginia Tech, Mike has developed sought-after expertise in the apparel industry, working with ERP systems, client server technology, and EDI. He was instru-

mental in successfully implementing Richter software at Liz Claiborne where he now leads a large staff. Since joining KSA in July, 1995, Mike has also worked for clients such as Guess, Norton McNaughton, and Disney Stores.

When home in L.A., Mike enjoys skiing and is learning how to scuba dive.





KSA wins CIGNA corporate challenge...

by Kimberly Zink

ATLANTA

OK, not in the win sense like win, place, show, but in the sense that we had a great time and raised money for a good cause. We had a well-balanced team with each member shining in his or her

strong event: *Christian Borthayre* showed his frog-like characteristics in the

long jump event, which also came in handy during the team jump roping event.

We nearly lost *Mike Yearty* to a Braves recruiter after his outstanding performance in the softball throw.

We scored big even though we didn't win every event.

Since Michael Jordan is retiring, the Bulls may want to add *Leigh Pittman* to replace him on their team roster—she came away from the free throw line 3 for 5. *Lori "Spike" Van Ness* tore up the courts in volleyball, and *Mark Bessho* gave Carl Lewis a run for his money in the relay race.

It was *Janie Buchanan* who came through for us on the obstacle course. (I think she may have been a laboratory mouse in a past life.) All my years of putt-putt finally paid off in the golf event, but the tug-of-war, with *Gigi Tindle* as our anchor person,



Top (left to right): Marc Bessho, Gigi Tindle and Christian Borthayre. Bottom (left to right): Leigh Pittman, Lori Van Ness, Mike Yearty, Janie Buchanan and Kimberly Zink.

was by far our most pathetic event. In our defense, we were down to seven team members tugging against a team of ten.

A wonderful family was responsible for directing us to and through each event, and it wasn't until the end of

the day that we found out their adorable little boy (that we had fallen in love with) had multiple sclerosis. It reminded all of us of the real reason we were there ... to help raise money to cure multiple sclerosis, so this little boy could live a full and healthy life!

Prepping for next year ...

by Rezarta Larkin

READING, ENGLAND

The Corporate Games is a major European corporate sports event, held in the UK and Ireland in June each year.

This year, KSA joined such companies as BP,

Andersen Consulting, and KPMG in Reading UK. Within KSA, the turnout was high, with both KSAers and family members joining in.

The KSA volleyball team came head to head with the Andersen Consulting team at the start of the Games.

Although not adding to net profit, netting the ball was clearly a factor that provided plenty of

Who said Taza wasn't a high flyer? Left to right: A. Woodall, Fergus Nolan, Taza Mohammed, Christian Watson, Rezarta Larkin, Caroline Baker

entertainment. On this occasion, however, the KSA team did not quite manage to produce the winners at the crucial moment, but ended up a close runner-up.

On the other side of the River Thames, KSA's dragon boat racing team, consisting of 10 people and a drummer, and bearing the name COOL FISH, was busy digging the paddles. Dragon boat racing was a new experience to all, but excellent teamwork, coupled with a heavy workout schedule, landed the KSA team a winning race and a KSA record of 2.455 seconds over 500 meters—an improvement of 50 percent in just two races!

Although this was not sufficient to give KSA a winning place, the participation

was enjoyable and intense.

The KSA team stayed at the beautiful Hanover Hotel, which provided top class sports facilities, including plenty of exercise around the pool table in the evening.

"The Corporate Games has definitely given KSA credibility in the sporting arena, spurred on by real team work and commitment," said *Fergus Nolan*, who initiated KSA's participation.

"I am very proud of our achievements and look forward to next year's Games, which will be held in Ireland, my home country. With more preparation we shall be in a position to improve tremendously and that should only add to our fun."



Sailing with KSA

This is the kind of crew that makes for smooth sailing.

by Marcus Sewtz

DÜSSELDORF, GERMANY

Marcus joined KSA as a consultant in February 1998 after finishing business studies at the University of Mannheim in Germany and ESSEC in France. His prior business experience is in the banking and telecommunication industries.

One major reason I chose a career with KSA is because I found the right culture in which to meet new challenges

At Kunert AG, I learned a great deal about the industry as well as the methodology and practical application of business process reengineering. Most important, it was a great team experience and a lot of fun.

and develop my personal and professional skills.

In other words, this is the right kind of crew I would like to sail with.

Even though my first project with KSA was not on a boat, but rather, close to the mountains in the South of Germany, the project was a great success and team experience.

Our client, Kunert AG, is one of the leading stocking brands and manufacturers in Europe. Due to the general consumption climate and changed wearing habits the past five years in Europe, the stocking market experienced a reduction of about 25 percent. As a consequence, vendors and

marketers were forced to adapt their business and market strategies as well as their cost situation.

Kunert AG is really a group of marketing and manufacturing companies, each with its own history. In the past, the company spent an enormous amount of energy to develop each company's individuality. As a result, information was systematically held back and synergies stayed consciously unused. Therefore, it was by far much more challenging for us to bridge cultural gaps and deal with people than to work with figures.

In 1995, KSA and Kunert AG were able to define and implement successfully a new corporate and business strategy. This time

the objective was to analyze and optimize major business processes in order to reduce overhead and increase efficiency.

In my first days of managing the massive flow of information, I found an extremely well organized project and an open team spirit that helped me turn numbers into business departments, names into faces, and plain chaos into structured data.

Once the relevant data was collected and analyzed, we developed and locked the efficiency potential with our client and defined the necessary prerequisites for implementation.

After 120 very intensive days with the client, *Dr. Wolf Wagner, Wolfgang Wanning*

and I were clearly able not only to increase the quality, but also the efficiency of the examined field by 27 percent. I still have trouble finding my apartment in Düsseldorf at the end of the day, however!

Reviewing my first three months with KSA, I have learned a great deal about the industry as well as the methodology and practical application of business process reengineering. But most importantly, it was a great team experience and a lot of fun.

Also, I finally had the chance to find out about sailing with KSA. But this time, it was real, because we rented a boat at the "Bodensee" and spent the day enjoying the beautiful scenery and each other's company.

Wolf Wagner, Wolfgang Wanning and Marcus Sewtz take a sailing break on the Bodensee.

