

the HOT SHEET

vol. 7 no. 42

June 26, 1998

Publisher: Amy Burns

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

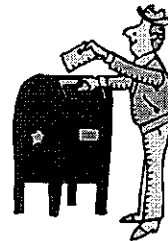
“ THERE ARE NO SECRETS TO SUCCESS: DON’T WASTE TIME LOOKING FOR THEM. SUCCESS IS THE RESULT OF PERFECTION, HARD WORK, LEARNING FROM FAILURE, LOYALTY TO THOSE FOR WHOM YOU WORK, AND PERSISTENCE.”

**--GENERAL COLIN POWELL
U.S. ARMY (RETIRED)**

PUBLISHER’S NOTE:

Please submit all Hotsheet entries for the July 2nd edition by noon on Tuesday, June 30th.

--AMY BURNS



PROJECT POSTCARDS:

FINAL POSTCARD FROM THE WHEREHOUSE ENTERTAINMENT PROJECT

After nine months, the **Wherehouse Entertainment** CPI project has come to a close. The final take, if you will. There were several positive things that came from this project. First, Logistics was lucky enough to have Alice Dabrowska from the U.K. office come over and lead the project. She was a great ambassador and we wish her well as she takes all she has learned about productivity improvement back to the U.K. And, of course, the client received the typical outstanding results that KSA delivers consistently.

In the beginning, we estimated that Take One would achieve 15% cost savings, or approximately \$375,000 annually, after program maturity. Additionally, we anticipated that Take Two would save an additional 10%, or approximately \$250,000 annually, after Take Two changes reached maturity. As it stands, the P.E.P. (Performance Equals Profit) program is on target to exceed its savings projections. If the project-to-date cost per unit of \$0.10 is maintained through October, the total savings to Wherehouse Entertainment in the first 12 months of the project will be approximately \$660,000 - and it has not yet reached maturity!

Thanks again to Alice for all her hard work and thanks to Jan Watson for her fearless leadership. Congratulations team, on a job well done!

--*JEFF DERUITER*

VENDOR VITTLES:

RETAILER ROUTING UPDATE

Famous-Barr, the St. Louis-based division of May Department Stores, recently issued an updated "Shipping Policy and Routing Letter."

Of interest to clients that ship to Famous-Barr - or any other May division - is the following requirement:

"All shipments over 100 cartons must be sorted by store, palletized and shrink-wrapped. If a store has enough cartons to create a 6-foot pallet, then that store must be palletized separately. The pallet must be no taller than 7 feet" [to ride this ride - TC].

Also of interest, they have outsourced their truckload shipment routing function to Hub Group Distribution Services. Vendors shipping over 2,500 pounds or 750 cubic feet to Famous-Barr must call Hub and wait for up to 48 hours while Hub tries to find a truckload carrier to transport the shipment (for much less \$ than LTL). This is normal handling for oversized shipment routings, but I had not seen this function outsourced by a department store until now.

In a follow-up conversation with Hub, they confirmed that one area of opportunity for future retail customers could be the combining of shipments for multiple retailers coming out of one vendor onto one truck.

--*TOM CLEMENT*

THIRD PARTY REVERSE LOGISTICS PROVIDER: RETURN INC.

ReTurn, Inc. creates and manages full-service, centralized return distribution systems for clients nationwide. A customized return program can help minimize the demands and frustrations of reverse distribution and minimize inventory investment recovery.

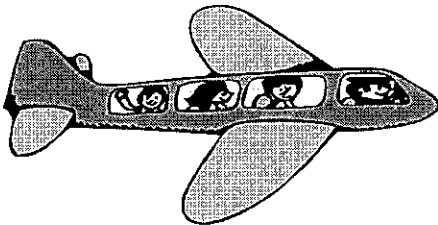
Using the latest automated methods, ReTurn Inc. will design a system that instantly captures information, sorts, scans, accounts for and redistributes returned goods. Items are returned to vendors, redistributed, donated to charity, salvaged or disposed of, including hazardous waste. This is accomplished through one of several existing ReTurn, Inc. Processing return centers, or a new center can be designed and developed for the client. ReTurn, Inc. provides space, scanning, specialized computer hardware/software and a full-time, trained staff.

Through a comprehensive assessment and review process, ReTurn, Inc. can help clients identify particular return distribution problems, and then develop and oversee a custom solution that produces the best possible return.

For further information, contact Patrick Sybilrud, Vice President of Sales and Marketing, 612-475-0242.

--LEANNE SMULLEN

NOTES...NEWS...NONSENSE:



MORE AIRLINE FUNNIES

Southwest Airlines makes humor their first priority. The president of Southwest says that if you don't have a sense of humor, you'll never be hired at Southwest. If you've ever flown Southwest, you'll hear a few of these lines and many others. A frequent line used at the end of a flight is, "Our flight attendants are now walking through the aisles with trash receptacles for any garbage you might have or anything else that you might wanna give us!"

Once on a Southwest flight, the pilot said, "We've reached our cruising altitude now, and I'm turning off the seat belt sign. I'm switching to auto pilot, too, so I can come back there and visit with all of you for the rest of the flight."

As the plane landed and was coming to a stop at Washington National, a lone voice comes over the loudspeaker: "Whoa, big fella...WHOA..!"

Here are a few from Northwest I heard: "Should the cabin lose pressure, oxygen masks will drop from the overhead area. Please place the bag over your own mouth and nose before assisting children or adults acting like children."

"As you exit the plane, please make sure to sure to gather all of your belongings. Anything left behind will be distributed evenly among the flight attendants. Please do not leave children or spouses."

"Last one off the plane must clean it."

"If you are so lucky to be traveling with small children..."

And from the pilot during his welcome message: "We are pleased to have some of the best flight attendants in the industry...Unfortunately none of them are on this flight...!"

This is an actual joke I heard on Southwest Airlines, just after a very hard landing in Salt Lake City; one of the most bone-jarring I've experienced. The steward came on the intercom and said, "That was quite a bump and I know what ya'll are thinking. I'm here to tell you it wasn't the airlines fault, it wasn't the pilots' fault, it wasn't the flight attendants' fault.....it was the asphalt!"

An airline pilot wrote that on this particular flight he had hammered his ship into the runway really hard. The airline had a policy that required the first officer to stand at the door while the passengers exited, give a smile, and a "Thanks for flying XYZ airline."

He said that in light of his bad landing, he had a hard time looking the passengers in the eye, thinking that someone would have a smart comment. Finally everyone had gotten off except for this little old lady walking with a cane. She said, "Sonny, mind if I ask you a question?" "Why no M'am," said the pilot, "what is it?" The little old lady said, "Did we land or were we shot down?"

From a Southwest Airlines employee.... "Welcome aboard Southwest Flight XXX, to YYY. To operate your seatbelt, insert the metal tab into the buckle, and pull tight. It works just like every other seatbelt, and if you don't know how to operate one, you probably shouldn't be out in public unsupervised.

"In the event of a sudden loss of cabin pressure, oxygen masks will descend from the ceiling. Stop screaming, grab the mask, and pull it over your face. If you have a small child traveling with you, secure your mask before assisting with theirs. If you are traveling with two small children, decide now which one you love more.

"Weather at our destination is 50 degrees with some broken clouds, but they'll try to have them fixed before we arrive.

"Thank you, and remember, nobody loves you, or your money, more than Southwest Airlines."

Overheard on an American Airlines flight into Amarillo, Texas, on a particularly windy and bumpy day. During the final approach the Captain was really having to fight it. After an extremely hard landing, the flight attendant came on the PA and announced, "Ladies and Gentlemen, welcome to Amarillo. Please remain in your seats with your seatbelts fastened while the Captain taxis what's left of our airplane to the gate!"

Another flight attendant's comment on a less than perfect landing: "We ask you to please remain seated as Captain Kangaroo bounces us to the terminal."

--PAM BECKERMAN

A ROUND TUIT

This is a Tuit. Guard
it with your life as Tuits
are hard to come by, especially
the round ones. This is an indispen-
sable item. It will help you become
a more efficient worker. For years we
have heard people say, "I'll do it as
soon as I get a Round Tuit." Now
that you have one, you can ac-
complish all those things
you put aside until
you get a Round
Tuit!

--AMY BURNS

HAPPY BIRTHDAY

Vic Bhargava 6/28

Al Sambar 6/29



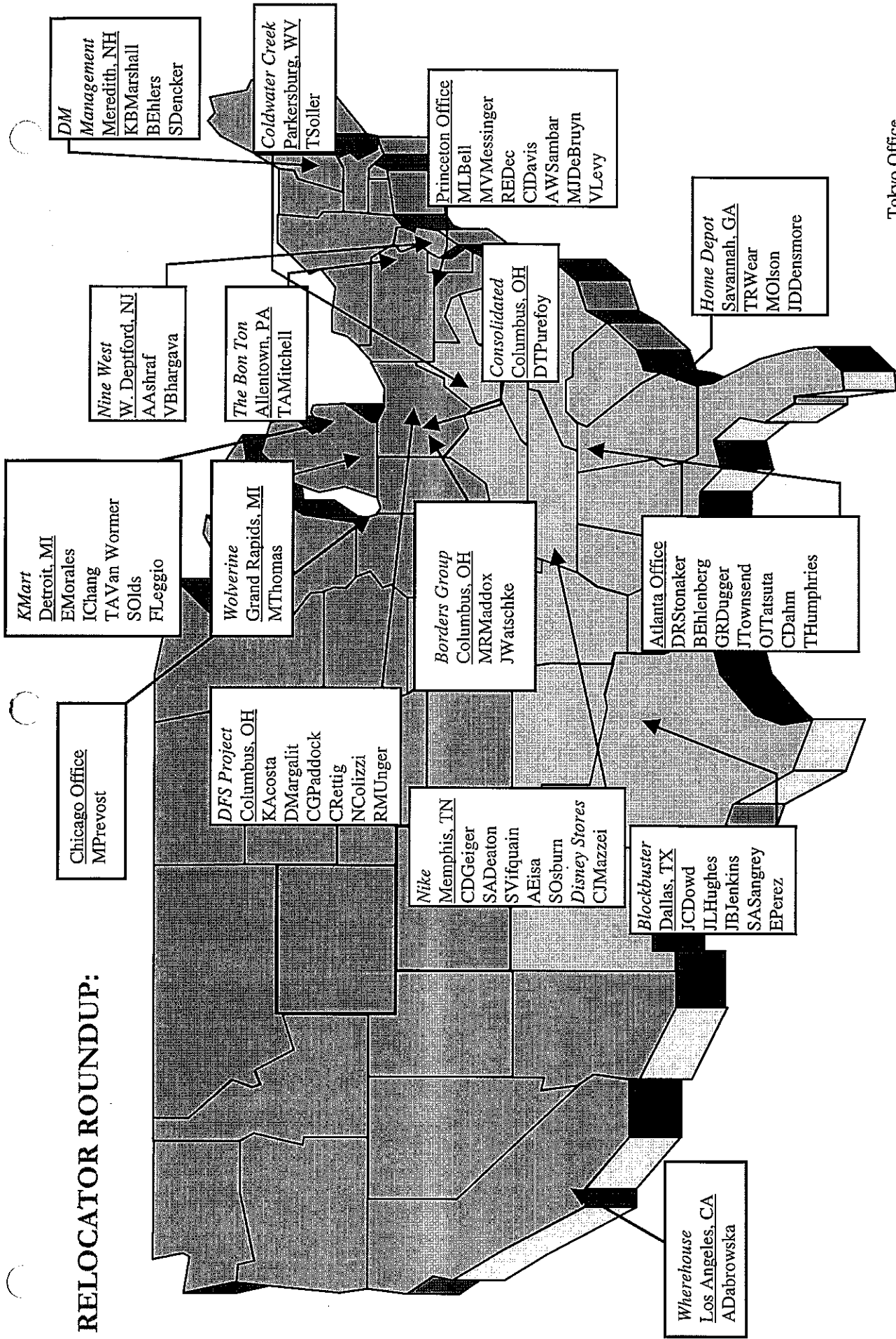
Laurie Daniele 6/27/95

Jeff Boudreau 7/1/85

Ashley Deaton 7/1/94

Nancy Freitas 7/2/84

RELOCATOR ROUNDUP:



Tokyo Office
MRKomanduri



As of 6/18/98

Note: If you do not see your name listed, please contact Amy Burns.

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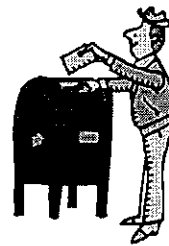
Logistics Services Group

QUOTE OF THE WEEK:

“Live your life so that your children can tell their children that you not only stood for something wonderful—you *acted* on it.”

--DAN ZADRA
CEO, CREATIVE DIRECTOR
COMPENDIUM, INC.

PROJECT POSTCARDS:



HELLO, GOODBYE

Welcome back home, Ken! Ken Walker returns to the Logistics group after a three-year stint in the Grocery CST. Although Ken's focus for that time has been in leveraging KSA's business with grocery wholesalers and retailers, he has been active in managing key clients on logistics projects.

Best Wishes to Tom Bokowy and Kirk Ziehm, who are leaving KSA. Kirk is relocating to Southern California, where he will be working with Kinko's. Tom is relocating to the Chicago area. Many thanks to Kirk for his work at Sun Apparel and Consolidated Stores, and to Tom for his work at Liberty House and Coldwater Creek.

--TORRE CRUPIE

BORDER'S MULTIMEDIA DISTRIBUTION CENTER (COLUMBUS, OHIO)

We kicked off our first standard in Border's Columbus, Ohio, multimedia distribution center in their 'Super Cell' processing area. The Kickoff meeting was a roaring success – in keeping with the multimedia nature of the facility, the project team incorporated stars of stage and screen to share our message with the Border's associates.

Hans and Franz (Jon Watschke and Border's engineer Tom Zahnhiser) used their bodybuilding prowess to demonstrate the P.U.M.P. principles. They drew immediate cheers and laughter when they appeared and announced, "Ve are Hans und Franz, und ve are here to PUMP YOU UP!"

Alex Trebeck (Matt Maddox) and *Vanna White* (Matt Prevost), resplendent a short flowered dress and lovely blonde hair, led a spirited *Jeopardy!* competition among the associates. The associates competed in their 'Super Cell' teams, and each team was given a noisemaker. Border's engineer Mike Kozlowski (now popularly known as "Prize Boy") distributed lottery tickets and candy bars for correct answers, which quickly elevated the participation and competition on subjects ranging from Policy & Procedures to Tech Stuff. Laughter permeated the building all day as the 'Super Cell' associates commented on *Vanna's* beauty and charm – and her hairy legs.

The associates' performances averaged 80% and the facility nearly matched their record daily output despite the idle hour during the Kickoff meeting. Overall, the facility management team was thrilled and the project team agreed that the long hours of preparation were worthwhile.

Stacy Bush is spending the week in Columbus training Border's Control Plus clerk (Amy Dickson) and client engineers. Because of her enthusiastic approach to training, the Border's team now calls her *Zena, Goddess of Control Plus*. Stacy is also periodically firing off FedEx packages to mortgage lenders and real estate agents – she's trying to finalize the purchase of her house in Atlanta while she's here.

The project team has now set our sights on the Hand Sort and Returns areas. Despite significant layout and procedural changes in the works, we're aggressively pursuing our goal: all major areas on standard by August 24th. The dust is flying throughout the facility – Kevin Murphy now calls himself the General Contractor instead of the General Manager. We enjoy wonderful sponsorship from Borders and strong client engineers, which along with the technical prowess of recent Penn State graduate Jon Watschke and the leadership of Matt Prevost, are making this Base Plus implementation a terrific success.

--*MATT MADDOX*

RECENT REQUESTS:

INBOUND WEIGHT AND CUBE INSPECTION

A question came up in our planning work with **Phillips - Van Heusen** that we can use your collective help with !! They currently use their automated receiving system to conduct an inbound check of carton weight and cube against expected parameters. Any carton found to be more than 10 % above or below expected levels is kicked off to an exception line for review. They also do an independant 2 % check of all incoming cartons for product and label quality.

They are interested to know if their practice of inbound automated weight and cube checking is unique or if it is a practice in wide use in the apparel and footwear world. Please take a second and let me know of any large apparel or footwear DCs doing this kind of processing and the success they have had.

--*JACK HORST*

BASE PLUS® FOR TRANSPORTATION

We have a Base Plus® opportunity with a large food wholesaler. They would like to make the program as extensive as possible and would like to include Local Transportation in the program. Prior to the visit, we would like to gather as much information as we have on what we have done around functions like Local Transportation for Base Plus®. If you have worked with a client that has included an operation like this, worked on a proposal that included such an operation, or have any other related experience, please let me know.

--*JEFF DERUITER*

INDUSTRY INSIGHTS:

BASE PLUS ACCELERATED FEEDBACK TOOL (JOCKEY INTERNATIONAL)

At Jockey International's Cooleemee, North Carolina, Distribution Center, the Base Plus project team developed batch tickets with SAM values to allow the employees to measure their performance throughout the day. The picking area, for example, used a carton ticket during the picking process. An employee scanned the carton ticket, and the RF unit directed the employee to the appropriate aisles and locations for the units in the carton. The new batch ticket included the SAM values for the units picked, cartons utilized, aisles and locations visited, etc., and totaled the SAM values at the bottom of the ticket. The new ticket told the employee, for example, that the carton was worth 24 SAMs, and the employee would try to beat that time.

The batch ticket was very popular because it allowed the employee to measure progress during the day for pay variables that could not be manually recorded. The result was an accelerated feedback process; the employees were never surprised by their performances and often self-corrected their pace, time utilization, or methods. And unlike the normal feedback cycle, the employee received this information in advance!

This feedback tool could be implemented in almost any operation where the work content is known in advance. Even in operations where the final quantities are not known, an estimate can be provided based on the known information. In Receiving or Shipping, a ticket could be provided for the planned quantity. At Jockey, for 'no picks' and other adjustments, the employees quickly learned to deduct the appropriate SAM values from the total.

This feedback tool has applications even in paperless operations. If systems can be developed that provide periodic information in advance on the work content, the RF unit (or other system)

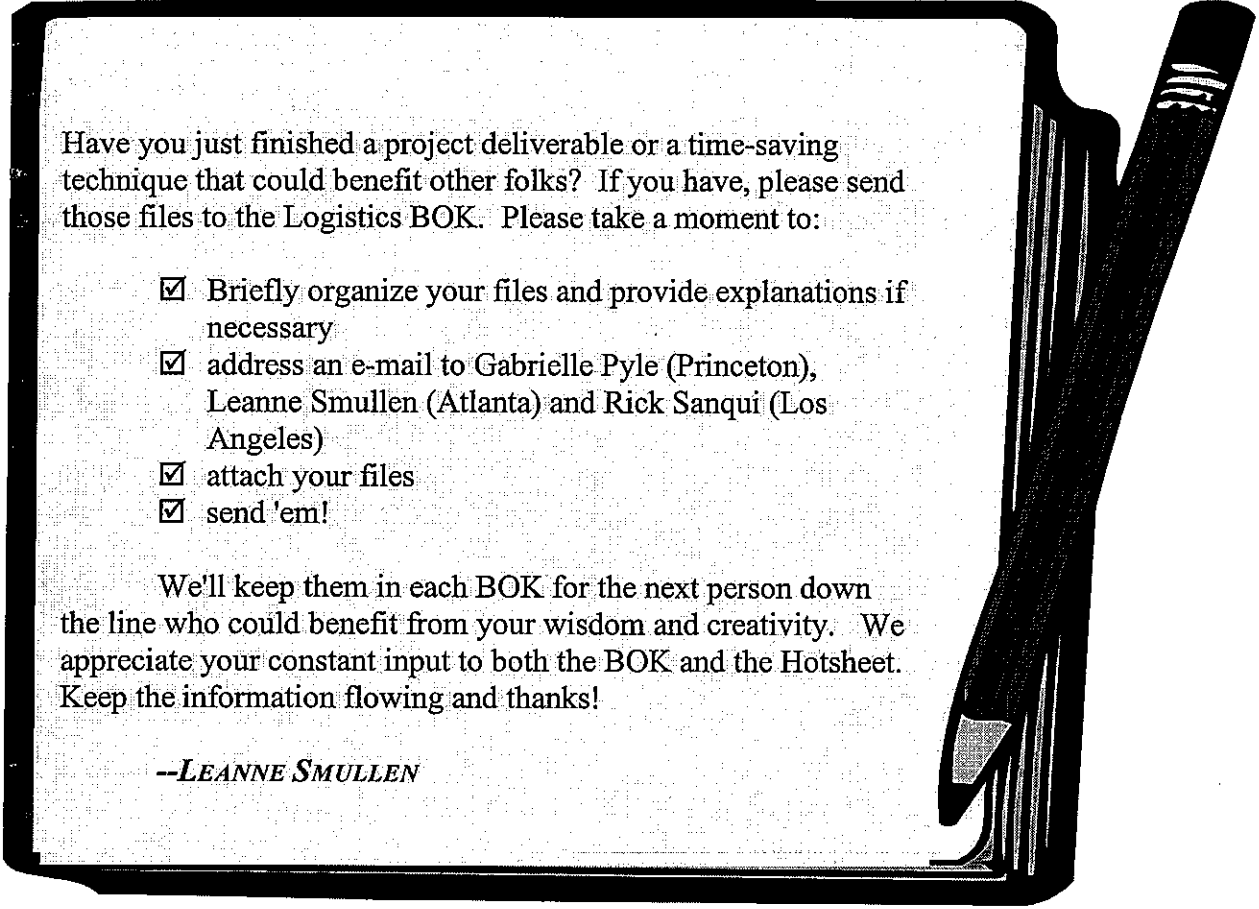
could update the employee. The process could even be improved by having the system keep track of the SAMs accrued during the day, and provide information not only on upcoming work but also on work completed.

The only downside was that the batch tickets were expensive and time-consuming to develop, and slowed the project considerably. The results, however, were impressive.

For more information on developing this feedback tool for your Base Plus implementation, contact Vic Bhargava, who developed the tickets with an outside information systems provider, or Matt Maddox, who implemented the batch tickets in the Jockey facility.

--*MATT MADDOX*

CALLING ALL LOGISTICS KSAERS!



Have you just finished a project deliverable or a time-saving technique that could benefit other folks? If you have, please send those files to the Logistics BOK. Please take a moment to:

- Briefly organize your files and provide explanations if necessary
- address an e-mail to Gabrielle Pyle (Princeton), Leanne Smullen (Atlanta) and Rick Sanqui (Los Angeles)
- attach your files
- send 'em!

We'll keep them in each BOK for the next person down the line who could benefit from your wisdom and creativity. We appreciate your constant input to both the BOK and the Hotsheet. Keep the information flowing and thanks!

--*LEANNE SMULLEN*

NOTES... NEWS... NONSENSE:



June 21

READY...SET...THINK

KUDOS to Rich Dec, only KSAer who even attempted the math challenge. So in the future, if you have any questions regarding math, apparently Rich is your man. As far as the rest of you go, don't worry, I'm not at all saddened that nobody else even tried...sniff. Hopefully you'll tuck these equations into your brain, although I suggest writing them down somewhere, and you can impress your friends. Here you go:

Question #1

- If there is expected to be a productivity improvement of 40% and no bonuses are going to be paid, what is the corresponding percent reduction of the CPU (or total labor dollars)?
- What is the equation for calculating the savings percent/percent reduction in CPU assuming X is the productivity improvement percent?

Question #2

- If there is expected to be a productivity improvement of 40% and bonuses are expected to be 13.5% of the total direct labor (starting with 15% which is typical for Base Plus® and assuming 90% on-standard), what is the corresponding percent reduction in the CPU (or total labor dollars)?
- What is the equation for calculating the savings percent/percent reduction in CPU assuming X is the productivity improvement percent and A is the expected bonus percentage?
- In reality, the equation for b) slightly underestimates the savings percent. Why?

ANSWERS:

1a) 28.6%
1b) $X/(1+X)$

2a) 18.9%
2b) $1 - (1-A)/(1-X)$

2c) This equation actually underestimates the percent savings because benefits like dental and health will not affect the bonus.

--*JEFF DERUITER*

U2 PUZZLE

As promised, here is the answer to last weeks U2 Puzzle along with a list of the geniuses who solved the puzzle correctly. Thanks to Sharon Chancey for submitting the puzzle. Look for more Brain-teasers in the upcoming issues of the Hotsheet.

ANSWER:

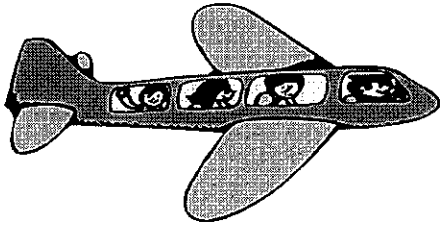
Send the one minute guy and the two minute guy over first. Send back across the one minute guy. Give the flashlight back to the 2 minute guy who will go back across to get the one minute guy. (2 over, 1 back, 10 over, 2 back, 2 over = 17 minutes).

GENIUS LIST

Vic Bargava
Bob Roge
Rick Westbrook
Michael DeBruyn
Steve Robertson – recorded 7 minute solution time
Shawn Olds
Mark Thomas – recorded 8 minute solution time
Cameron Geiger – claims he solved it in <1 minute
Whitney Herrin – recorded 5 minute solution time

(Publisher's Note: Honorable Mention goes out to Brad Humphries for his incorrect but very creative answers involving a scalper and a visit to the local Mini Mart.)

--*AMY BURNS*



AIRLINE FUNNIES

Here are some actual humorous statements by airline flights crews. Occasionally, airline attendants make an effort to make the "in-flight safety lecture" a bit more entertaining. Here are some real examples that have been heard or reported:

"As we prepare for takeoff, please make sure your tray tables and seat backs are fully upright in their most uncomfortable position."

"There may be 50 ways to leave your lover, but there are only 4 ways out of this airplane..."

"Your seat cushions can be used for floatation, and in the event of an emergency water landing, please take them with our compliments."

"We do feature a smoking section on this flight; if you must smoke, contact a member of the flight crew and we will escort you to the wing of the airplane."

"Smoking in the lavatories is prohibited. Any person caught smoking in the lavatories will be asked to leave the plane immediately."

"Good morning. As we leave Dallas, it's warm, the sun is shining, and the birds are singing. We are going to Charlotte, where it's dark, windy and raining. Why in the world y'all wanna go there I really don't know."

Pilot - "Folks, we have reached our cruising altitude now, so I am going to switch the seat belt sign off. Feel free to move about as you wish, but please stay inside the plane till we land... it's a bit cold outside, and if you walk on the wings it affects the flight pattern."

Pilot - "Folks, if you were with us last week, we never got around to mentioning that it was National Procrastination day. If you get a chance this week, please try to celebrate it. If you can't get to it, then maybe try to do it at the weekend, but no big rush. Have a nice day." And, after landing: "Thank you for flying Delta Business Express. We hope you enjoyed giving us the business as much as we enjoyed taking you for a ride."

As we waited just off the runway for another airliner to cross in front of us, some of the passengers were beginning to retrieve luggage from the overhead bins. The head steward announced on the intercom, "This aircraft is equipped with a video surveillance system that monitors the cabin during taxiing. Any passengers not remaining in their seats until the aircraft comes to a full and complete stop at the gate will be strip-searched as they leave the aircraft."

--PAM BECKERMAN

HAPPY BIRTHDAY

Lisa Hall 6/19
Neil Buck 6/20



Brooks Kitchel 6/20/95
Nicole Jones 6/21/97
Steve Knapik 6/21/93
Gabrielle Pyle 6/24/95

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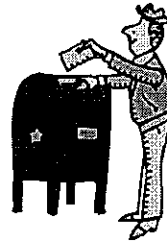
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Logistics Services Group

QUOTE OF THE WEEK:

“ It’s the *Start* that *Stops* most people.”

--AUTHOR UNKNOWN



PROJECT POSTCARDS:

NEW NEWS FROM NIKE

The Nike team would like to welcome Steve Osburn to KSA. Steve joined us for dinner on Tuesday night and decided to stay for awhile. He had been in Memphis less than a day and already had a place to live! In the past month he has graduated from college, moved, gotten married, and started a new job. How's that for change?

Steve hails from League City, TX where his newlywed bride, Teresa, is gathering their belongings and making arrangements with Mona for the move to Memphis. The rest of his family includes a beagle and a cat. Steve graduated from Texas A&M (oh boy, here comes another Aggie!), enjoys volleyball, golf, and watching any sport that crosses his path. He will be going to the July 13th Orientation class and then returning to Nike to give Scott Vifquain pointers in productivity. Welcome Steve!

--CAMERON GEIGER

RECENT REQUESTS:

CALLING ALL DESIGN GURU'S

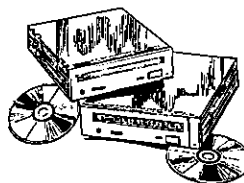
One of the eight projects at K-Mart deals with a "3rd Tier" distribution strategy where *slow moving* merchandise is being identified and moved *back* to a more regional network to alleviate pressure from their 14 frontline Hard-lines DC's. In an attempt to "Begin with the end in mind", we're asking for your assistance in helping us identify some MHE concepts for this merchandise.

We are envisioning a modular approach that could be rolled out to as many as four regional sites after a pilot period. We would need to be able to process merchandise with a variety of handling

characteristics including **full carton**, **bulk** (non-conveyable) and **break-pack** (piece). Also, consider **storage** options. Any thoughts would be greatly appreciated.

--*TROY VAN WORMER*

INSIGHTS FROM WAREHOUSE ENTERTAINMENT



Here are a couple of interesting facts about being a music retailer. Besides the typical new merchandise, **Wherehouse Entertainment, Inc.** also buys and sells used CD's and cassettes. Because of this, the percentage of merchandise they receive back into the distribution center is quite large. Not only does the DC get the typical overstocks and vendor returns, but the DC also receives used merchandise to be processed for the stores. The end result is that the unit volume they have returned to the DC is 30% of the total volume shipped. This is higher than many direct mailers! In fact, 25% of their labor dollars is spent processing returned merchandise from the stores.

Ever wonder about how the Internet and other new technologies might affect the music industry? Consider this: what will happen to many retail stores when the consumer is able to get on-line, sample any song, pay securely over the net, and download their newly purchased tracks onto a CD that can be played on any standard CD player? Would you go through the effort of going to the store, when the cost is likely to be much higher due to all the logistics, manufacturing, and packaging costs? The future is going to be interesting.

--*JEFF DERUITER*

INDUSTRY INSIGHTS:

DM NEWS INTERNATIONAL (11 MAY 1998)

LANDS' END EXPANDS, WILLIAMS-SONOMA PULLS THE PLUG

On the same day that Gary Steuck, president of **Lands' End** Japan, announced the profitability of the Lands' End in the Japanese market, Dow Jones reported that **Williams-Sonoma** was ending its Japanese venture.

They are both classic case studies in different approaches to the Japanese market, and, alas, also have different endings.

Lands' End Japan continues to increase its sales and remains profitable, according to Gary Steuck, outgoing president of Lands' End Japan KK. He credits the company's success in part due to a service platform he calls "superior," and to listening to their customers.

Has the sharp devaluation of the yen against the dollar since 1994 when Lands' End first entered Japan affected sales? Steuck explained that because his firm buys foreign currency futures, the

yen-dollar exchange has had no affect on their business. He said Lands' End has also become more efficient in sourcing and marketing, which has given them a pricing advantage.

According to an April 17, 1998, Dow Jones newswire, Williams-Sonoma will end its Japanese joint venture with Tokyo Department Stores after 10 years. Neither firm has made any official announcement or comment on the report, but the news is not surprising, at least to people in Japan.

The joint venture, which is 81% owned by Tokyu and 19% owned by Williams-Sonoma, was to build a retail presence for Williams-Sonoma in Japan and develop a mail order business for the gourmet cooking items that Williams-Sonoma is known for in the US.

--AMY BURNS

NOTES... NEWS... NONSENSE:

Creating Performance Improvements

Achieving performance improvements takes the efforts of everyone on the team. Here are some suggestions for creating better results offered in the Wyatt Watson booklet entitled, *High Performance Management Skills*:

1. *Set clear goals that are connected to business strategies.* Align employees' daily work with the company's bottom line.
2. *Help every employee understand how his or her efforts fit into the big picture.* People want to know how they personally can make a difference.
3. *Make sure people really know what is expected of them.* Provide clear behavior instructions and standards. Allow opportunities to ask questions, provide feedback, and demonstrate understanding.
4. *Communicate effectively and coach to inspire improvement and growth.* Provide support, direction, and guidance. Redirect and energize people who are struggling. Set a tone where learning and risk taking are acknowledged and encouraged. Stretch people to become better.
5. *Show people that you value their contributions.* Thank them privately and publicly. Celebrate successes with parties, incentives, and praise.

--PAM BECKERMAN

READY...SET...THINK

Here is a quiz for all you folks out there who calculate labor savings for projects, proposals, etc. The answers will be in next week's Hotsheet. Knowing the answers to these two questions can come in quite handy when estimating savings without detailed labor data. In general, depending on the nature of the situation, only the expected productivity improvement and extra bonus percentage is required.

Question #1

- a) If there is expected to be a productivity improvement of 40% and no bonuses are going to be paid, what is the corresponding percent reduction of the CPU (or total labor dollars)?
- b) What is the equation for calculating the savings percent/percent reduction in CPU assuming X is the productivity improvement percent?

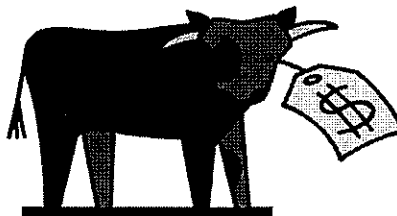
Question #2

- a) If there is expected to be a productivity improvement of 40% and bonuses are expected to be 13.5% of the total direct labor (starting with 15% which is typical for Base Plus® and assuming 90% on-standard), what is the corresponding percent reduction in the CPU (or total labor dollars)?
- b) What is the equation for calculating the savings percent/percent reduction in CPU assuming X is the productivity improvement percent and A is the expected bonus percentage?
- c) In reality, the equation for b) slightly underestimates the savings percent. Why?

If you think you have the answer, you can send it to me via voice mail or e-mail. Everyone with the right answer(s) will have the wonderful reward of having their name appear in the next Hotsheet and gaining the respect of their peers as being a mathematical geek...I mean genius.

--JEFF DERUITER

COW SHOPPING?



A farmer had been taken several times by the local car dealer. One day, the car dealer informed the farmer that he was coming over to purchase a cow. The farmer priced his unit as follows:

Basic cow	499.95	4 x 4 traction drive assembly	884.16
Shipping and handling	35.75	Pre-delivery wash and comb	69.80
Extra stomach	79.25		
Two tone	142.10	FARMERS SUGGESTED	
Produce storage compartment	126.50	LIST PRICE:	2843.36
Heavy duty straw chopper	189.60	Additional dealer adjustments:	300.00
Four spigot/high output drain System	149.20	TOTAL LIST PRICE	
Automatic fly swatter	88.50	(Including options):	3143.36
Genuine cowhide upholstery	179.90		
Deluxe dual horns	59.25		
Automatic fertilizer attachment	339.40		

--MIKE JENKINS

U2 PUZZLE

Allegedly, this is one of the questions for potential Microsoft employees. I must warn you, you can really get caught up trying to solve this problem. Reportedly, one guy solved it by writing a C program, although that took him 37 minutes to develop, but compiled and ran the first time (what a nerd!). Another guy solved it in three minutes. A group of fifty at Motorola couldn't figure it out at all. See how long it takes you.

"U2" has a concert in 17 minutes and they must cross a bridge to get there.

All four men begin on the same side of the bridge. You must help them across to the other side. It is night. There is only one flashlight. A maximum of two people can cross at one time. Any party who crosses, either 1 or 2 people, must have the flashlight with them. The flashlight must be walked back and forth, it cannot be thrown, etc. Each band member walks at a different speed. A pair must walk together at the slower man's pace.

Bono - 1 minute to cross
Edge - 2 minutes to cross
Adam - 5 minutes to cross
Larry - 10 minutes to cross

For example: if Bono and Larry walk across first, 10 minutes have elapsed when they get to the other side of the bridge. If Larry then returns with the flashlight, a total of 20 minutes have passed and you have failed the mission.

Note 1 - There is no trick to this. It is the simple movement of resources in the appropriate order. There are two known answers to this problem. This is based on a question Microsoft gives to all of its prospective employees.

Note 2 - Microsoft expects you to answer this question in less than 5 minutes!

Publisher's Note: Look in next week's Hotsheet for the answers to this puzzle. DO NOT E-MAIL SHARON CHANCEY FOR THE ANSWER (cheaters). If you would like to brag or moan about your score, send your e-mail to Amy Burns before 6/18/98. I'll publish a winners & losers list in the next edition along with the answer. If you have not completed the puzzle by the 18th, don't bother trying to make the list!

--SHARON CHANCEY

HAPPY BIRTHDAY

Lynn Senior 6/15



Ronan Cates 6/13/94

Enrique Morales 6/17/96

Jim Severyn 6/16/80

Mark Messinger 6/17/96

Thomas Bokowy 6/17/96

Todd Barr 6/18/73

Suzanne Dencker 6/17/96

the HOT SHEET

vol. 7 no. 39

June 5, 1998

Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

"Teamwork is the fuel that allows common people to produce uncommon results"

--AUTHOR UNKNOWN

INDUSTRY INSIGHTS:

DM NEWS INTERNATIONAL (11 MAY 1998)

LANDS' END JAPAN'S NEW CEO VOWS TO PROSPER IN HARD TIMES

Dodgeville, WI—John Butler took over as president of **Lands' End** Japan on May 18, succeeding Gary Steuck who has been reassigned to the home office.

Butler, a twenty-year veteran of doing business in Asia from electronics manufacturing firms to setting up various businesses from distribution to sales, believes **Lands' End's** opportunities in Japan are "fantastic."

He conceded that Japan's economy was troubled and heading into recession but said "we're trying to minimize the effect as much as we can. We're direct merchants. We don't have stores to help drag us down. We stand up pretty well."

Most of the surveys and the direct mail is targeted at the two major urban regions—Kanto, where Tokyo is located, and Kansai that houses the Osaka-Kobe area. It is where more than half of Japan's population lives.

--AMY BURNS

DMA NEWS (18 MAY 1998)

BORDERS BOOKS ENTERS ONLINE FRAY

Book retailer **Borders Group**, Ann Arbor, MI, recently announced an e-commerce site, **Borders.com** (www.Borders.com), that will give its online customers access to almost 3 million book, music and video titles.

Borders also announced a new center that offers more than 10 million books, CDs and videos. **Borders'** three core offerings are organized into six departments: books, music, video, children's (books, musics and video), computer books and the **Borders NetCafe**. These departments include almost 60 subject sections and 400 subsections with 3,000 features that will be rotated regularly.

--AMY BURNS

DRTV NEWS (18 MAY 1998)

HOME DEPOT LAUNCHES SECOND SPOT CAMPAIGN FOR HOME IMPROVEMENT

The Home Depot Do-It Yourself Stores, Atlanta, last week launched its second direct response TV campaign with 60 second and two-minute spots pitching the retailer's book, "Home Improvement 1,2,3."

Home Depot's latest direct effort comes on the heels of an increased focus on direct marketing initiatives. The company recently installed Jeffery Cohen as its executive vice president of direct marketing.

"We're looking for as many different ways to reach people as possible," said Rob Hallem, director of internal communications and the project manager for the book. "We want to position ourselves as the number one source for information in the store but we wanted to get outside the four walls."

--AMY BURNS

CATALOG AGE (MAY 1998)

FOR MOST, HAPPY HOLIDAYS: VAST MAJORITY OF PUBLIC CONSUMER MAILERS GREW FOURTH-QUARTER SALES

Boosted by strong holiday sales, publicly traded consumer catalogers proved that holiday 1997 was worthy of celebration. Of the 17 consumer cataloges tracked by CATALOG AGE, 82% reported increases in fourth-quarter sales, as did 78% of the nine cataloger/retailers tracked.

Apparel cataloger Delia's, which targets the teen market, continued its rapid growth with a 102.7% increase in fourth-quarter sales, to \$42.9 million.

Women's apparel cataloger **DM Management** was another big winner in terms of both sales and income growth. The company grew sales 103.9%, to \$46.5 million, and increased net income 104.5%, to nearly \$1.5 million.

Increased circulation of both the J. Jill and Nicole Summers titles was the key ingredient in the company's fourth-quarter success, says DM Management CEO Gordon Cooke. "The ability to mail at significantly above break-even allowed us to grow our top lines and the bottom line."

--AMY BURNS

CATALOG AGE (JUNE 1998)

CATALOG CREATIVE FOR THE AGING BOOMERS

A few gray hairs won't keep the baby boomers from spending, so you'll want to continue marketing to them in 2001 and beyond. And in many ways, your catalog creative shouldn't change too much. "If you try to target your models to your demographic directly—for instance, if the models start looking too old—people find that less

appealing, “ says Bill End, chairman/CEO of multititle cataloger **International Cornerstone Group**.

--*AMY BURNS*

VENDOR VITTLES

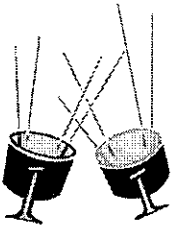
INBOUND LOGISTICS (APRIL 1998)

TAKE A LOAD OFF: 10 BENEFITS OF LOAD PLANNING SOFTWARE

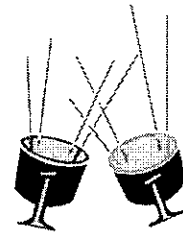
You can expect to reap the following benefits from your load planning software, according to Eric May, manager of business development, TransPack Software Systems.

1. Increase outbound load efficiency. For cargo that doesn't weigh out, a load planning system can often result in improvements in cubic efficiency of 10 percent or more, resulting in a substantial reduction in transportation costs.
2. Eliminate overweight and unbalanced loads. For cargo that does weigh out, a load planning system calculates arrangements that ensure compliance with bridge laws and meet load balancing requirements for overseas containers.
3. Increase inbound load efficiency. A load planning system can also be used to monitor the efficiency of inbound shipments, leading to better performance by your suppliers.
4. Increase sales. Sales personnel and customer service representatives can view load plans while an order is being placed, allowing customers to increase their order to fill unused vehicle space.
5. Reduce load time. 3-D load diagrams provide step-by-step instructions for optimal loading of vehicles, eliminating time-consuming trail-and-error loading.
6. Reduce unload time. Load diagrams speed up receiving by showing the exact location of every item in the vehicle.
7. Minimize delivery errors. For multi-stop shipments, load diagrams clearly indicate stop breaks to ensure the correct cargo is unloaded at each stop.
8. Eliminate time spent manually configuring loads. The time it takes to manually plan one shipment can be hours or even days. A load planning system will cut this time to seconds.
9. Standardize loading rules. Inconsistent loading leads to damaged cargo and inefficient loads. Load planning software provides a solid database of products linked with their specific loading rules to eliminate inconsistencies and errors in loading.
10. Improve customer service. The ability to confidently tell customers exactly what will be delivered greatly enhances customer service, which can lead to new or additional business.

CONSULTANT SPOTLIGHT



KB MARSHALL



Professional Information

1. **Area(s) of Specialization w/in KSA:** I am in Logistics and have worked on projects relating to facility design for the most part.
2. **Work Experience Prior to KSA:** I was in the US Army for seven years as an Army Aviator. My last job was commanding a company of Blackhawk Helicopters.
3. **Current Client (Include a brief project description):** I am working with DM Management up in central New Hampshire. They have experienced phenomenal growth the last few years and need more space. We have designed and are building a new 400,000 square foot operations center for them. It will be complete in six months.
4. **List of Major Client Assignments (name only):** Ross Stores, Hollywood Entertainment, DM Management.

II. Personal Information

1. **Place of Birth:** Vancouver, Canada
2. **Alma Mater:** University of Southern California (*Editor's Note:* Fight On!—A USC graduate and fellow classmate of KB's)
3. **Married, Kids:** Nope.
4. **Hobbies:** SCUBA diving, hiking, sailing, bike riding, my dogs.
5. **Most Interesting Client Assignment & Why:** Haven't had many. I'd have to say DM Management; just a great location with great people. Just buy warm clothes!
6. **Worst Client Assignment & Why:** No comment.
7. **Most Interesting Place Visited:** Ever? I'd say South Korea, but it wasn't a voluntary visit.

8. **Favorite Quote:** "No matter where you go, there you are."
9. **Biggest Regret:** Life is too short to dwell on regrets.
10. **Most Unusual or Funniest Experience:** Hallucinating that a 6 foot tall frog was talking to me during a particularly long sleepless military experience.
11. **If you could live anywhere, where would it be?** Scotland or the Pacific Northwest.
12. **Favorite Movie?** What mood are you in? *Blues Brothers*, *Star Wars*, *Jaws*, *Bridge over the River Kwai*, *Patton*, *As Good as it Gets*. You pick!
13. **First Album (CD) Purchased?** *Rocky Horror Picture Show Soundtrack*, on Vinyl.
14. **Tattoos (optional):** Could be.
15. **Pets (including names):** Three dogs; German Shepherd named Savannah (seven), a mutt named Kayla (seven) and a Rhodesian Ridgeback named Merlin (6 months).
16. **Any Other Information (i.e. that says something about who you are that you wouldn't mind sharing with the group.)**
If you ever decide to take up Ice Diving, buy a good warm pair of gloves. A dry suit doesn't help keep your mitts warm!

NOTES... NEWS... NONSENSE:

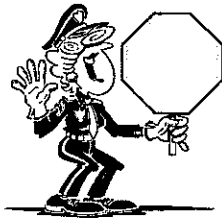


The grand opening of KSA's Chicago office, home of the blues, the Bulls, the Cubs, and several members of our logistics team (Neil Buck, Matt Prevost, Melissa Olson, Jana Hughes, everyone once in a while, and me).

Come visit us sometime. You can practically walk from O Hare -- but take a cab or the train, it is easier.

--MIKE SWIFT

A TRUE STORY



A police officer had a perfect hiding place for watching for speeders. But one day, everyone was under the speed limit. The officer found the

problem: a 10-year-old boy was standing on the side of the road with a huge hand painted sign that said "RADAR TRAP AHEAD."

A little more investigative work led the officer to the boy's accomplice, another boy about 100 yards beyond the radar trap with a sign reading "TIPS" and a bucket at his feet, full of change.

--MELISSA MCPHAIL

INTERVIEW GAFFES

Most of us go through a mental checklist of what to do, and not to do, during a job interview. But some job applicants throw all etiquette to the wind. Top personnel executives of 100 major American corporations were asked for stories of unusual behavior by job applicants. Here are a few doozies:

1. She wore a Walkman and said she could listen to me and music at the same time.
2. Balding candidate abruptly excused himself, then returned to office a few minutes later, wearing a hairpiece.
3. Applicant challenged interviewer to arm wrestle.
4. Asked to see interviewer's resume to see if the personnel executive was qualified to judge the candidate.
5. Interrupted to phone his therapist for advice on answering specific interview questions.
6. Wouldn't get out of the chair until I agreed to hire him. I had to call the police.
7. Took a brush out of my purse, brushed his hair, and left.
8. Pulled out a Polaroid camera and snapped a flash picture of me. Said he collected photos of everyone who interviewed him.
9. He carried a black case into my office, and said that if he was not hired, the bomb would go off. I began to state why he would never be hired and that I was going to call the police. He then reached down to the case, flipped a switch, and ran. No one was injured, but I did need to get a new desk.
10. Asked if I wanted some cocaine before starting the interview.

HAPPY BIRTHDAY

Greg Dugger 6/9
Troy Van Wormer 6/11

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May 29, 1998

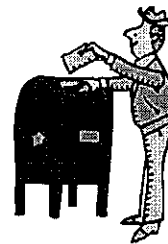
Publisher: Amy Burns
Editor: Leanne Smullen

Published by KSA Atlanta
Logistics Services Group

QUOTE OF THE WEEK:

“When a person with experience meets a person with money, the person with experience will get the money. And the person with money will get some experience.”

-- LEONARD LAUDER



PROJECT POSTCARDS:

HELLO FROM DALLAS

The Blockbuster implementation project team would like to welcome Whitney Herrin to bustling McKinney, Texas! Whitney is an intern from Purdue University, and comes from a long line of distinguished Industrial Engineers, including her father, who is an IE professor at Michigan (Matt Prevost probably remembers his class). Whitney's enthusiasm is a welcome addition to the team of Jana Hughes, Scott Sangrey, Brad Jenkins, Chris Dowd, and Eddie Perez, most of whom have been on sight since late 1996 -- 21 months and counting!! Unfortunately, her enthusiasm will be severely tested in July and August, because her car doesn't have air conditioning! (Apparently, a/c isn't a requirement in her home town near Canada). Whitney's hobbies include, among other things, singing lead in a band with her family. Word has it that there's a video available of one of their recent gigs for those who are interested.

As for the rest of the team, we are knee-deep in testing. Blockbuster has a state-of-the-art crossbelt sorter built by Rapistan, as well as automated processing machines that make videos rental ready. Getting this equipment up and running has proven to be pretty complicated, and we're into our third month of testing. We hope to start bringing portions of the sorter on-line over the next few weeks. We're using a phased-in approach to help alleviate some of the growing pains that will arise when we turn on the sorter.

So far, our team has implemented Base Plus[®] in two previous facilities in Dallas, documented and trained methods and procedures for this new facility in McKinney, and provided start-up assistance in manual mode. Now we're preparing for the final push to start up all of the considerable automation in this 800,000 sq. ft. facility. We're currently scheduled to be here through July. We'll keep you posted as we bring the sorter live.

--CHRIS DOWD

RECENT REQUESTS:

EMPLOYMENT OPPORTUNITIES AT NIKE

Our client, Nike, is looking to add some people to the staff at its Memphis Distribution Center. The positions they are looking to fill include:

- **Computer Operations Manager (AS/400 experience necessary).**
- **Technical Services Manager.**
- **Engineers with MHE or WMS experience.**
- **AS/400 Systems Administrator (DB2 experience).**
- **Computer and printer operators.**

If anyone knows of potential candidates for these jobs, please contact Torre Crupie. Please note that by KSA policy we do not approach employees of existing clients when considering placement opportunities.

--TORRE CRUPIE

EMERGENCY GENERATOR SIZING

I am currently involved in a facility planning project for a direct marketer. At this time, we are assisting with estimating the size of the emergency generator. The client has requested information regarding the "normal" size of an emergency generator for similar operations. I am searching for any examples of the following:

- Type of distribution facility.
- Approximate square footage.
- Typical loads supplied (specifically--lighting--what % of normal levels? Any material handling equipment?).
- Sizing in kVA and kW.
- Any other information you feel would be applicable.

--TODD SOLLER

VENDOR COMPLIANCE PRESENTATIONS

The Background

We are currently working with **International Cornerstone Group (ICG)** in designing a DC that will consolidate fulfillment operations for six different mail order catalog companies. This move will enable ICG to realize significant cost benefits. Accordingly, a high degree of importance has been placed on the new DC's vendor compliance program. We are preparing a presentation for the client outlining the various elements of a vendor compliance program and the associated benefits.

The Request

Therefore, we are looking for presentations you have used in the past that is aimed at both educating and selling the benefits to merchants and others in the organization. We have already reviewed the **Federated** VC document and have been working with Tom "the guru" Clement.

--OWEN TATSUTA

VENDOR COMPLIANCE PROGRAMS

The Background:

Raj Kumar, Jana Hughes and I are currently working on a project with **Viacom** as they plan to grow their Nickelodeon mall-based stores from 3 (today) to 17 by the end of 1998. They plan on growing to 140+ stores by 2002 (please maintain confidentiality).

Viacom is currently operating in Blockbuster's new McKinney facility outside of Dallas. They have asked that we develop and document vendor compliance guidelines for them (pre-distributed, pre-packs, pre-ticketed, etc.). They are currently operating in a low-tech environment and will have limited leverage with their vendors until they grow their business.

The Request:

We are interested to see if anybody has developed a specific vendor compliance program for another client. If anybody has done something related to this and could provide such documentation (or any valuable information), it would be greatly appreciated!

--RICH DEC

VENDOR VITTLLES:

Need a Rail Vendor on Your Next Project?

WILCON LOGISTICS PRESENTS THE GARTNER SYSTEMS AND KNAPP LOGISTICS AUTOMATION

On May 15th, Charles Willis, President of WilCon Logistics and Claus Henkel, CFO of Knapp Automation and Gartner Systems America, conducted a presentation to a few logistics consultants in the Atlanta Office.

GARTNER SYSTEMS (Claus Henkel)

Gartner Systems is a family-owned, German-based company that manufactures and distributes flow systems for the garment industry. Currently, Gartner has over 400 systems installed worldwide with approximately 30 systems in the U.S.

Industries Served: garment retail, uniform rental, automotive supplier (items under 250 lbs. such as gasoline tanks or bumpers), and some work in the bicycle industry.

Systems: The main system featured in this presentation was a central rail trolley system which has approximately 60 types of trolleys, automatic coupling, and an enclosed track system (the

trolley can not fall off track system!). The original Gartner system was designed after the concept of LEGO blocks. All components are interlocking (no welding). This system can be configured based upon the client's needs. The Coupling allows for trains—requiring less energy to be expended. Trapeze bars also allow for multi-levels. A laser scanner that can be installed with this system is able to **sort by lot, source, sequence number or color** and acts as a system manager. Another available feature is **remote control loading for trucks**. The system's loops adapt to the height of the truck allowing for reduced manual labor requirements. The Gartner Central Suspended Trolley System is cost effective for clients with more than 5,000 pieces per hour and manual pickers.

Advantages:

- Maintenance is very low.
- Basic manual system can be upgraded as automation is needed.
- System can be combined with bagging machines and loading docks.
- Short installation times.

Costs: The Gartner system is usually 10-15% more expensive than most local systems (such as White). When the US Dollar: German Mark exchange ratio equals \$1: 1.80 DM, this also helps lower the price. In general, the actual product is more expensive, but the vendor strongly claims that the installation time is less therefore the cost is relatively equal. The short installation time is due to pre-wiring and averages 38% less than its competitors. Maintenance on this system is also very cost efficient, running about 40% less than its competitors.

KNAPP AUTOMATION (Claus Henkel)

Knapp Automation was founded in 1952 and specializes in automated pick-to-light systems

Industries served: *Pharmaceutical companies such as Walgreen's. Direct Mail companies such as Avon Cosmetics and Sony Music.*

Systems: Knapp can provide partially or fully automated systems which lower human error and customer complaints. The complete flow through process for this system is approximately 30 minutes including auto receive and loading dock processing. The Knapp system can be installed with either barcode or RS code and includes zero pressure conveyors.

Advantages:

- Able to stack/unstack & insert brochures or order forms.
- Scanner at final control stage builds on human efficiency.
- Able to interface with WMS systems.

Headquarters: Gartner Systems America, L.L. C. and Knapp Logistics Automation, 14 Shaker Court, Cartersville, GA 30120.

Contact: Claus Henkel (770) 606-1216 or (770) 383-3358
--AMY BURNS

NOTES... NEWS... NONSENSE:

An Anagram, as we all know, is a word or phrase made by transposing or rearranging the letters of another word or phrase. The following examples are quite astounding!

Dormitory = Dirty Room
Evangelist = Evil's Agent
Desperation = A Rope Ends It
The Morse Code = Here Come Dots
Slot Machines = Cash Lost in 'em
Animosity = Is No Amity
Mother-in-law = Woman Hitler
Snooze Alarms = Alas! No More Z's
Alec Guinness = Genuine Class
Semolina = Is No Meal
The Public Art Galleries = Large Picture Halls, I Bet
A Decimal Point = I'm a Dot in Place
The Earthquakes = That Queer Shake
Eleven plus two = Twelve plus one
Contradiction = Accord not in it

(This one's amazing: [From Hamlet])

To be or not to be: that is the question,
whether tis nobler in the mind to suffer the
slings and arrows of outrageous fortune ==

In one of the Bard's best-thought-of
tragedies, our insistent hero, Hamlet, queries
on two fronts about how life turns rotten.

Ronald Reagan = A darn long era
Leroy Newton Gingrich = Yon Right-
winger Clone
Margaret Thatcher = That great charmer
The Conservative Party = Teacher in vast
poverty

And the grand finale:

"That's one small step for a man, one giant
leap
for mankind."

-- Neil A. Armstrong

=

A thin man ran; makes a large stride; left
planet, pins flag
on moon. On to Mars!

Politicians:

George Herbert Walker Bush = Huge
Berserk
Rebel Warthog
George Bush = He bugs Gore
Ronald Wilson Reagan = A long-insane
Warlord
or Insane Anglo
warlord)

--*SUZANNE DENCKER*

COLLECTION OF ONE-LINERS BY COMEDIAN STEVEN WRIGHT

Depression is merely anger without enthusiasm.

Eagles may soar, but weasels don't get sucked into jet engines.

Early bird gets the worm, but the second mouse gets the cheese.

I'm not cheap, but I am on special this week.

I almost had a psychic girlfriend but she left me before we met.

I drive way too fast to worry about cholesterol.

I intend to live forever -- so far, so good.

I love defenseless animals, especially in a good gravy.

If Barbie is so popular, why do you have to buy her friends?

Quantum Mechanics: The dreams stuff is made of.

Support bacteria -- they're the only culture some people have.

Televangelists: The Pro Wrestlers of religion.

The only substitute for good manners is fast reflexes.

When everything's coming your way, you're in the wrong lane.

Ambition is a poor excuse for not having enough sense to be lazy.

If I worked as much as others, I would do as little as they.

If everything seems to be going well, you have obviously overlooked something.

Many people quit looking for work when they find a job.

When I'm not in my right mind, my left mind gets pretty crowded.

Who is General Failure and why is he reading my hard disk?

What happens if you get scared half to death twice?

Energizer Bunny arrested, charged with battery.

I couldn't repair your brakes, so I made your horn louder.

Shin: a device for finding furniture in the dark.

How do you tell when you run out of invisible ink?

Join the Army, meet interesting people, kill them.

Laughing stock: cattle with a sense of humor.

Why do psychics have to ask you for your name?

For Sale: Parachute. Only used once, never opened, small stain.

Black holes are where God divided by zero.

--MIKE JENKINS

HAPPY BIRTHDAY

Nancy Freitas 5/30

John Karonis 6/1

HAPPY
ANNIVERSARY

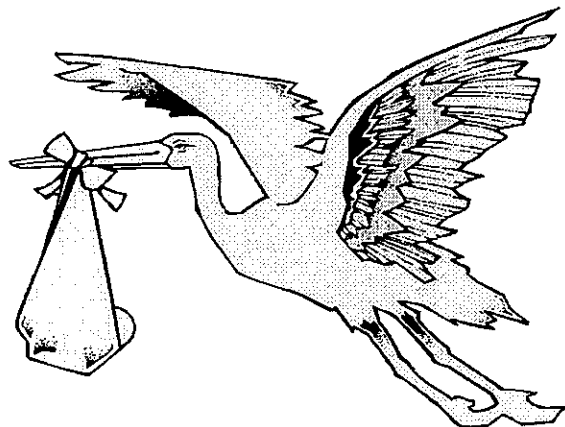
John Champion 5/29/73

CONGRATULATIONS!

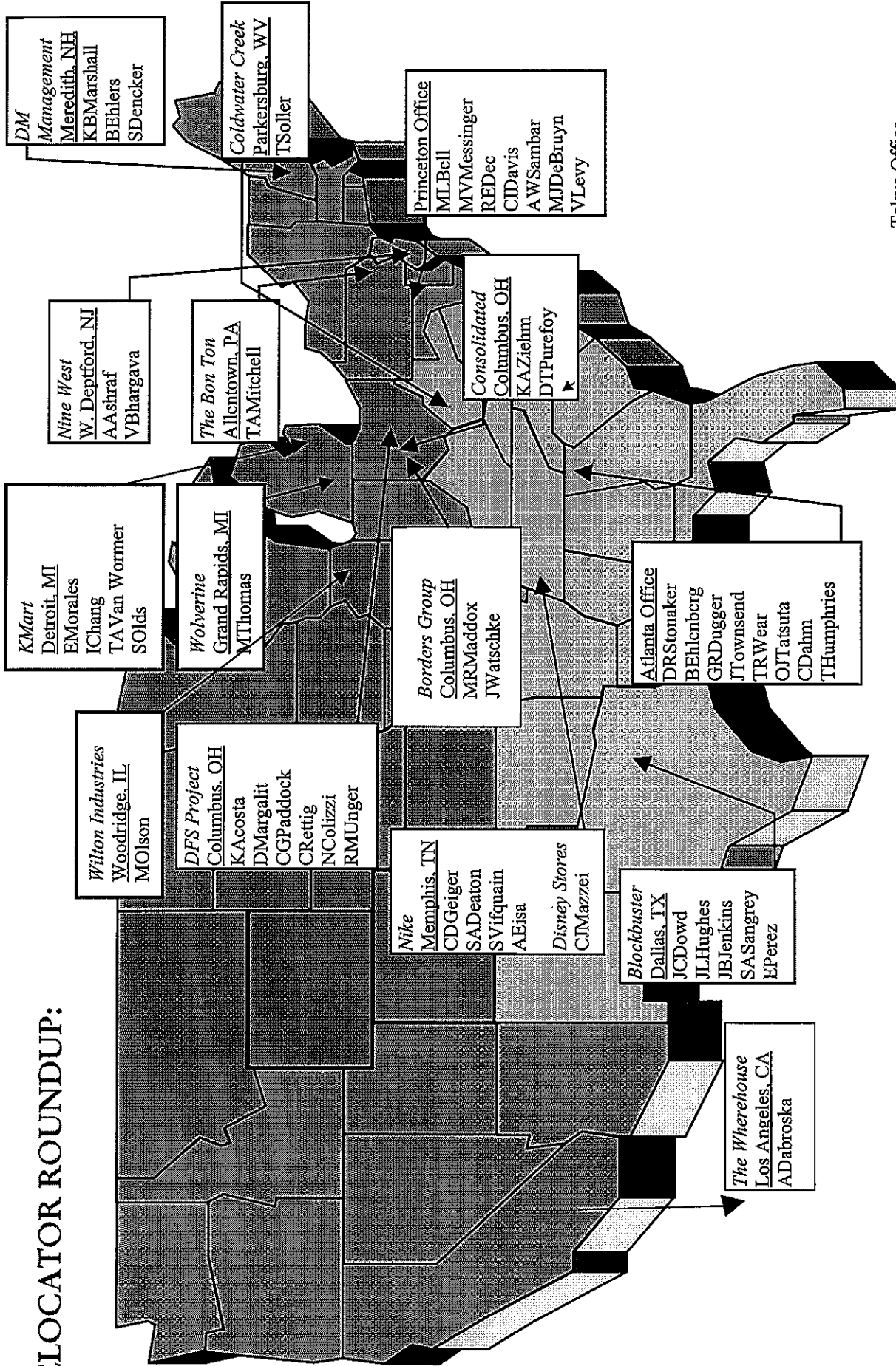
Al and Phyllis Sambar had a baby boy on
Sunday, May 24, 1998.

8 Lbs, 20 3/4" long, his name is William Davis
Sambar.

Baby, Mom and Dad are doing fine.



RELOCATOR ROUNDUP:



Tokyo Office
MRKmanduri



• Matt Prevost has settled in the Chicago Office.

As of 5/28/98

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May 22, 1998

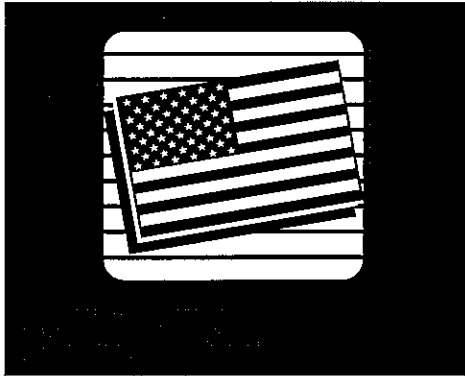
Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:



“America was born upon the shoulders of men and women who gave their lives for freedom, pioneers who were not afraid of failure, thinkers who were not afraid of progress, and dreamers who had the courage to live their dreams.”

--Author Unknown

INDUSTRY INSIGHTS:

PHIL KNIGHT ANNOUNCES NEW LABOR INITIATIVES:

At Tuesday's National Press Club luncheon, Phil Knight announced a series of new initiatives to improve factory working conditions and provide increased opportunities for people who manufacture Nike products. The initiatives include:

- Expanding independent monitoring programs.
- Increasing the minimum age of footwear factory workers to 18.
- Adopting U.S. Occupational Safety and Health Administration (OSHA) indoor air
- Quality standards for all footwear factories.
- Expanding education programs for workers.
- Funding university research and open forums to explore issues related to global manufacturing and responsible business practices.

For more information, check out www.nikeworkers.com.

--CAMERON GEIGER

NEW REEBOK CAMPAIGN TO LAUNCH MAY 25:

The Boston Globe reports that **Reebok** is working on a new advertising campaign centered around the theme of individual empowerment and promoting its new shoe technologies. The first TV ad, slated to run May 25 during the NBA playoffs, features a group of clone-like marathoners and was partly filmed at an abandoned Soviet army base in the Czech Republic. Perhaps most compelling is the constant use of the number 97005 throughout the spot, which is the zip code for Nike headquarters in Beaverton, Oregon. Reebok is also planning to launch a web site, <http://www.97005.com>, in conjunction with the campaign.

--CAMERON GEIGER

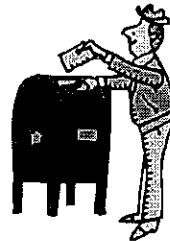
AREA DEVELOPMENT (MAY 1998)

TOP PERFORMERS: SOUTH, WEST CITIES?

Despite many economists' predictions of slower growth in the U.S. West as a consequence of Asian economic problems, many of the region's metro areas are expected to be among the nation's top economic and property-market performers over the next five years, according to Ernst & Young Kenneth Leventhal (E&YKL). Preliminary data released from the firm's "Five Year Economic and Real Estate Outlook" indicates that Atlanta; Charlotte, NC; Las Vegas; Los Angeles; Portland, OR; Salt Lake City; San Francisco; San Jose, CA; and Seattle will be among the top performers in multiple categories, including economics, office-market supply-demand, industrial markets, and retail markets.

--LEANNE SMULLEN

PROJECT POSTCARDS:



NEWS FROM THE COLDWATER CREEK PROJECT

Bidding a fond farewell to the town of Sandpoint, Idaho, the Coldwater Creek project team finds itself in varying and interesting locations for the rest of the design and implementation process. Brad Humphries and Chris Dahm have relocated to the Atlanta office, while Todd Soller finds himself in Parkersburg, West Virginia. Tony DeMaria has also rejoined the project after a very brief hiatus, and we're glad to have him back.

The design process has taken a few interesting twists in the last month. We have been challenged with modifying the final design in order to defer some capital expense until the company's volume warrants more sophisticated material handling. Due to the change in design, the conveyor package will be modified and re-bid by a short-listed group of vendors. The tilt tray selection and installation has been deferred for one to two years. The building size has been also been reduced by about 10%. We are also continuing to document WMS functionality that will be used in both the short-term and long-term facility. This turn of events has tested all of our abilities, as one project has seemingly become two. Although the first facility design has

become much simpler, the integration of the two designs, short-term and long-term, has its own special challenges.

At the same time as the permanent DC design process occurs, Coldwater Creek is undergoing a start-up in an interim DC about 2 miles from the permanent site. Our involvement in this arena is minimal, but we do have a hand in areas such as rack installation and documenting system functionality. We'll be sure to drop another project postcard as soon as we have time to catch our breath.

--TODD SOLLER

VENDOR VITTTLES:

USCO PRESENTATION OVERVIEW

On May 18th Scott Wilkins, Vice President of Sales, and Fred Kimball, Vice President of Operations Technology for USCO, conducted a presentation entitled "**What's New at USCO & Design for Payback**" to a small group of consultants in the Atlanta Office.

USCO is one of the largest privately owned North American third party logistics providers. It consist of four divisions:

- **Contract Logistics** – created specifically for clients who need dedicated distribution facilities - USCO designs custom solutions.
- **Logistics Services** – provides flexible public warehousing solutions – can offer distribution from multiple locations around the country.
- **Ameritel Marketing Services** – full-service call center and fulfillment services to clients with direct marketing programs.
- **Almacenadora InverMexico** - the first U.S.-affiliated company to offer nationwide distribution solutions in Mexico.

Industries served: healthcare/pharmaceutical; computers/electronics; retail; automotive; consumer products (only minimal expertise with apparel customers).

Systems: USCO provides a comprehensive information system that can be custom designed to meet each client's information needs. Their platform is based on HP 9000 Hardware and includes UNIX Operating Systems, Informix, WMS, and ExtraNet. A unique feature about USCO is that the ExtraNet dashboard concepts allows for web enabled order entry, order status, inbound status, inventory status, and shipment tracking. Each of these functions can be accomplished on a desktop with a security table that enables specified users to access varied levels of commands at near real time speed. USCO is looking at replacing its robust WMS with either **Manhattan Associates** or **Exeter**.

Global Plans: The goal of USCO's global network is to "Connect the World with Partnerships" and they are actively seeking agencies and partnerships that will benefit from their operational expertise, information technology, global network, marketing expertise, and financial stability.

Currently, USCO's network includes the U.S., Mexico, and Canada with plans for expansion into Argentina, Brazil, and Chile during the first half of 1998, Northern Europe during the second half of 1998, and Asia during the first half of 1999.

DESIGN FOR PAYBACK

USCO's Design for Payback Concept tackles several improvement challenges such as order cycle time, accuracy, productivity, capacity, and throughput by using their reengineering approach which offers strategic improvement, new and/or changed processes, more systems-based approaches with less paper, WMS with RF, material handling components, and a greater focus on technology.

Design for Payback is an analytically based concept to help choose from numerous techniques to improve operations. The basics of the concept consist of a payback from every element based on product velocity that prevents over spending and optimizes the investment in capital with a rigorous analysis and discipline. The Design for Payback is appropriate for any size operation.

USCO considers the following as it Designs for Payback:

1. A Stock Velocity Profile for each SKU's consumption of labor. USCO doesn't use Pareto's 20/80 theory, because it has found it to be inaccurate for most of its warehousing customers. Velocity is measured in two segments; line item (a measurement of labor to the bin) and unit velocity (a measurement of labor while at the bin).
2. Project Funding Guidelines for high, medium, and low velocity picking.
3. Keeping in mind a "systems first" approach. Essentially, clients can't afford **not** to have a WMS and use RF technology. The systems first approach can be applied to manual, semi-automated, and fully automated warehouses.

Headquarters: USCO Distribution Services, Inc., 22 Spencer Street, Naugatuck, CT 06770

Contact: Scott Wilkins (508) 520-0060

--AMY BURNS

NOTES... NEWS... NONSENSE:

A STORY TO LIVE BY

BY ANN WELLS (LOS ANGELES TIMES)

My brother-in-law opened the bottom drawer of my sister's bureau and lifted out a tissue-wrapped package. "This," he said, "is not a slip. This is lingerie." He discarded the tissue and handed me the slip. It was exquisite; silk, handmade and trimmed with a cobweb of lace. The price tag with an astronomical figure on it was still attached. "Jan bought this the first time we went to New York, at least 8 or 9 years ago. She never wore it. She was saving it for a special occasion. Well, I guess this is the occasion."

He took the slip from me and put it on the bed with the other clothes we were taking to the mortician. His hands lingered on the soft material for a moment, then he slammed the drawer shut and turned to me. "Don't ever save anything for a special occasion. Every day you're alive is a special occasion."

I remembered those words through the funeral and the days that followed when I helped him and my niece attend to all the sad chores that follow an unexpected death. I thought about them on the plane returning to California from the mid-western town where my sister's family lives. I thought about all the things that she hadn't seen or heard or done. I thought about the things that she had done without realizing that they were special.

I'm still thinking about his words, and they've changed my life. I'm reading more and dusting less. I'm sitting on the deck and admiring the view without fussing about the weeds in the garden. I'm spending more time with my family and friends and less time in committee meetings. Whenever possible, life should be a pattern of experience to savor, not endure. I'm trying to recognize these moments now and cherish them.

I'm not "saving" anything; we use our good china and crystal for every special event-such as losing a pound, getting the sink unstopped, the first camellia blossom. I wear my good blazer to the market if I feel like it. My theory is if I look prosperous, I can shell out \$28.49 for one small bag of groceries without wincing. I'm not saving my good perfume for special parties; clerks in hardware stores and tellers in banks have noses that function as well as my party-going friends'.

"Someday" and "one of these days" are losing their grip on my vocabulary. If it's worth seeing or hearing or doing, I want to see and hear and do it now.

I'm not sure what my sister would have done had she known that she wouldn't be here for the tomorrow that we all take for granted. I think she would have called family members and a few close friends. She might have called a few former friends to apologize and mend fences for past squabbles. I like to think she would have gone out for a Chinese dinner, her favorite food. I'm guessing-I'll never know.

It's those little things left undone that would make me angry if I knew that my hours were limited. Angry because I put off seeing good friends whom I was going to get in touch with-someday. Angry because I hadn't written certain letters that I intended to write-one of these days. Angry and sorry that I didn't tell my husband and daughter often enough how much I truly love them. I'm trying very hard not to put off, hold back, or save anything that would add laughter and luster to our lives. And every morning when I open my eyes, I tell myself that it is special. Every day, every minute, every breath truly is...a gift from God.

--MIKE JENKINS

EIGHT THINGS TO REMEMBER ABOUT QUALITY
EXCERPTS FROM THE MAY 1998 HARVARD MANAGEMENT UPDATE

Quality encompasses more than goals and numbers – it embraces emotions as well. Once quality standards are in place and an organization has an intellectual commitment to quality, how does it turn that commitment into conviction? Here are eight suggestions offered by John Mello, Patrick Townsend, and Joan Gebhardt (with some healthy editing):

1. *Nothing pumps up conviction like profits - and profit sharing. Inform people about the cost savings resulting from their efforts to improve quality. Then share the increased profits with them through incentive programs, gainsharing, or other programs.*
2. *Avoid future problems by aggressively seeking out customer opinions. Don't wait until the complaints come rolling in. Ask customers what they want through surveys, focus groups, and informal discussions.*
3. *Guarantees + customer knowledge = 1 potent combination. Money back guarantees convey confidence. They also allow service recovery that, done right, converts people into true believers. Build trust by keeping people informed and following through on your commitments.*
4. *Cast a net that catches both big and little ideas. Suggestion systems should not just reward big wins. Encouraging all ideas allows you to play the percentages. It's easier to find 100 people who can improve a process by 1% than a single wizard who can improve a process by 100%.*
5. *In a quality shop, everybody has customers. Companies that create expectations for excellent internal service end up with better teamwork, morale, and results. Being respectful and responsive to co-workers builds a positive, productive environment.*
6. *Beware the disciples of complexity. If processes are complicated and intimidating, people will shy away from them. Build procedures and measures that everyone can understand and get behind.*
7. *Humor helps us remember we are all human. Humor reminds us to keep our sense of proportion. It also cuts through tense moments and unites us in a shared experience. Beware of jokes at people's expense though.*

8. If there are reasons to celebrate, do it. If not, look for them. *Appreciating employees through celebrations helps build solidarity and loyalty. Have recognition lunches. Bring balloons to your top team. Acknowledge milestones and birthdays.*

--PAM BECKERMAN

HAPPY Birthday!

Chris Dowd 5/26

HAPPY ANNIVERSARY

Dan Stonaker 5/22/95
Scott Vifquain 5/22/95

the HOT SHEET

vol. 7 no. 36

May 15, 1998

Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“ There are two kinds of people, those who finish what they start and so on...”

--ROBERT BYRNE

PUBLISHER'S NOTE:

Missing something? Thanks to everyone who has contacted me over the last few weeks to ask about the disappearance of the Relocator Roundup. No, the roundup is not gone forever. It's simply taking a few weeks R&R. Please continue to send me your location changes and updates, the Relocator Roundup will be published the last week of each month.

If you no longer have your May 1st edition of the Hotsheet and need to reference the Roundup or any other exciting article in a past edition, you can find past editions located in the public folders. Follow this path to the Hotsheet: **KSA FORUMS/CONSUMER PRODUCTS DIVISION/306-LOGISTICS/HOTSHEETS.**

A final note...to the authors of Recent Requests. Please let us know when you collect the information you need from your request. A brief note to the Hotsheet would be a great way of saying "Thanks" to the respondents, tell everyone how you solved your dilemma, and could be forwarded to the Logistics BOK, so the information is available to everyone. Who knows? You may even help answer project questions for your fellow KSAers!

--AMY BURNS

RECENT REQUESTS:

BASE PLUS[®] EXPERIENCE?

Jockey has asked for our assistance in developing a program that will help ease their transition from their current incentive standards to Base Plus[®] standards. The new Base Plus[®] standards will pay \$2-\$3/hour *less* than their current standards, which represents almost a 20% reduction in earnings for the employees.

Jockey has a kickoff bonus (10% the first week, 7% the second, and 4% the third), but their management has requested suggestions for a program that will further temper the impact of the changes.

Jack Horst has suggested determining the actual difference in earnings by employee, and paying a percentage of that difference. Jockey could pay 75% of the difference for two weeks, 50% for the next two weeks, etc.

In addition, he recommends paying that difference as a separate check. The first check would pay Base Plus[®] incentive earnings only, and the second would pay the difference. This separation would help the employee recognize and adjust to the Base Plus[®] earnings while also demonstrating management's concern for their employees' welfare.

We'd appreciate input from anyone with similar experiences. Specifically, how long did the transition period extend? How was the adjusted pay calculated? Was the transition period applied to all employees or just those impacted by the changes (some areas now on Base Plus standards did not have previous standards)? Any creative solutions would be greatly appreciated!

--*MATT MADDOX*

ACCEPTABLE QUALITY LEVEL (AQL) SURVEY

Recently, a valued client called asking about our experience with statistical quality samples and the AQL levels that companies in the apparel industry use. Our client is a women's apparel vendor who is setting up a sampling plan for inbound QA/inspecting. If you have any experience with statistical quality sampling plans please forward the following information.

- a. Type of merchandise (e.g. T-shirts, shoes, tailored clothing, sportswear, etc.)
- b. Is this client a contractor, vendor, or retailer?
- c. Acceptable quality level (AQL - e.g. 2.5%, 4.0%, etc.)
- d. Average size of the company (net annual sales, if you know it)

Thank you in advance for the assistance.

--*JANE GRIESINGER*

INDUSTRY INSIGHTS:

WALL STREET JOURNAL (12 MAY 1998)

RALPH LAUREN IS PREPARING TO OUTFIT A NEW GENERATION

Polo Plans Line for Young Women in Licensing Deal with Jones Apparel

The titan of pin stripes and snob appeal is grooming his next generation of customers.

Polo Ralph Lauren Corp., led by founder Ralph Lauren, is preparing to introduce a new brand of clothing aimed specifically at young women ages 16 to 25, according to people familiar with the plans. The brand, slated to be called *Ralph*, would be licensed to **Jones Apparel Group Inc.**, which already produces the designer's profitable, less expensive Lauren line. The two companies are close to signing a deal, and an announcement could come as soon

as this week, according to those people. A current label called Ralph, which is priced just between the company's top tier Ralph Lauren Collection and the Lauren line, would be re-named *RL*.

The new line would be the first major expansion step taken by Polo since the company went public on the New York Stock Exchange at \$26 last summer, and would continue the company's rapid expansion into women's wear. In fiscal 1997, nearly half of Polo's wholesale sales came from menswear, with only 16% from women's clothing. The new Ralph line would be priced at so-called better price points—a blazer could run between \$150 to \$220—and would be an extension of Mr. Lauren's classic styles, but for a younger buyer.

Although the company declined to comment officially about the plans for the new line, in an interview earlier this year, Mr. Lauren said: "I don't like fashion girls. I like girls that are country and tweedy. If you leave the city, you think the world has changed. Kids aren't wearing all black or a logo here or there. They want traditional clothes. I'm very clear about this."

Editors Note: What exactly is tweedy?

--*LEANNE SMULLEN*

Catalog Age (May 1998)

BEAN ANSWERS NEW CALLING

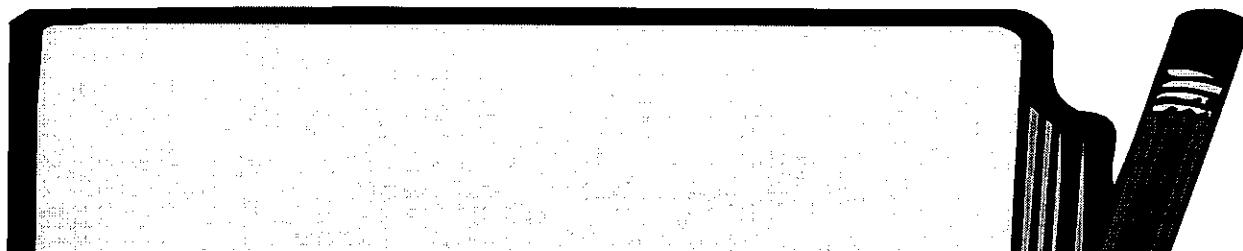
Renowned for its legendary customer service, outdoor gear and apparel cataloger **L.L. Bean** recently began offering its telemarketing services for hire. In January, the Freeport, ME-based mailer took on its first client: Maine's State Office of Tourism.

L.L. Bean is actually a telemarketing subcontractor: fulfillment company Direct Mail of Maine was awarded the three-year tourism contract in January. Direct Mail decided to contract L.L. Bean for the deal, valued up to \$500,000 annually.

The \$1 billion-plus mailer decided to take on additional calls to leverage "major financial investments in technology, equipment, wiring, and personnel training," Bean spokeswoman Catharine Harnett said. Harnett doesn't anticipate L.L. Bean hiring extra staff, as the tourism office's spring busy season is Bean's slow season, but she does foresee some of the work force getting extra hours during periods when their time is usually cut back.

"Based on what we've learned from these programs and depending on what's happening in our business, we may choose to look for other partners," Harnett adds. Direct Mail decided to use L.L. Bean because of the mailer's sophisticated phone technology and professional answering service, not to mention its location.

--*AMY BURNS*



CALLING ALL LOGISTICS KSAers!

Have you just finished a project deliverable or a time-saving technique that could benefit other folks? If you have, please send those files to the Logistics BOK. Please take a moment to:

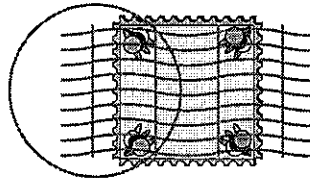
- organize your files and provide explanations if necessary
- address an e-mail to Gabrielle Pyle, Leanne Smullen and Rick Sanqui
- attach your files
- send 'em!

We'll keep them in each BOK for the next person down the line who could benefit from your wisdom and creativity. We appreciate your constant input to both the BOK and the Hotsheet. Keep the information flowing and thanks!

--*LEANNE SMULLEN*

VENDOR VITTLES:

POSTAL RATE INCREASE



WASHINGTON (AP) - Stamps are going up a penny, to 33 cents, for the millions of letters, birthday cards and other first-class mail Americans send every day. Packages will cost more, too, but vacation postcards will stay at 20 cents.

The question now is when the new rates will take effect.

The independent Postal Rate Commission grudgingly granted much of the post office's request for higher prices on Monday. But it said there is no need to make the changes until 1999 because the Postal Service has been making profits of better than \$1 billion a year since the last increase in 1995.

On other rates, the commission recommended an average 12.3 percent increase for parcel post, somewhat more than the 9.2 percent asked by the post office. The rate varies with package size and distance.

--*TOM CLEMENT*

NOTES... NEWS... NONSENSE:

FUNNY QUOTES FROM KIDS (ABRIDGED LIST):

From an actual newspaper contest where entrants ages 4 to 15 were asked to imitate "Deep Thoughts by Jack Handey."

I believe you should live each day as if it is your last, which is why I don't have any clean laundry because, come on, who wants to wash clothes on the last day of their life?

--Age 15

It sure would be nice if we got a day off for the president's birthday, like they do for the queen's. Of course, then we would have a lot of people voting for a candidate born on July 3 or December 26, just for the long weekends.

--Age 8

Democracy is a beautiful thing, except for that part about letting just any old yokel vote.

--Age 10

I bet living in a nudist colony takes all the fun out of Halloween.

--Age 13

For centuries, people thought the moon was made of green cheese. Then the astronauts found that the moon is really a big hard rock. That's what happens to cheese when you leave it out.

--Age 6

Often, when I am reading a good book, I stop and thank my teacher. That is, I used to, until she got an unlisted number.

--Age 15

If we could just get everyone to close his or her eyes and visualize world peace for an hour, imagine how serene and quiet it would be until the looting started.

--Age 15

--*MELISSA MCPHAIL*

ADVICE TO PATHFINDERS

P

rice Pritchett publishes a series of booklets describing how to be successful during periods of organizational change. His latest book, *The Mars Pathfinder: An Approach to Faster-Better-Cheaper*, was co-authored by Brian Muirhead. In it, the authors analyze the success of the Pathfinder's mission to Mars in 1997. Drawing on the Pathfinder experience, Pritchett and Muirhead offer these words of advice about individual and organization performance to other explorers:

- *Set goals that make you stretch.* High aspirations fire the imagination.
- *Let limitations guide you to breakthroughs.* Constraints force you out of standard operating procedure. Apply your imagination to find the secret passageway to new solutions.
- *Deliberately choose to do things differently.* Don't wait for innovation to happen. Make it happen on purpose. Experiment.
- *Discipline creativity.* Be creative but not self-indulgent. Keep high standards. Take risks that are understood, respected and well managed.
- *Invite different perspectives.* Look at problems through other people's eyes. Their questions and suggestions will shape more effective solutions.
- *Plan ... and improvise.* Develop an in-depth plan and then be willing to adapt to changing conditions. Rely on analysis *and* intuition.
- *Embrace eccentricity.* Release the renegade inside you. Use your originality to make a valuable contribution.
- *Proceed with optimism and a "can do" spirit.* Confidence and possibility thinking allow you to persevere when faced with difficulties.
- *Develop robust solutions.* Expose your ideas to relentless testing.
- *Maintain momentum and forward motion.* Operate with a sense of urgency.
- *Be fully trustworthy.* Trust hinges on openness, honesty, respect, and reliability.
- *Take personal responsibility for communication.* Actively seek understanding, chase down answers.
- *Demonstrate passionate commitment to success.* Engage your heart and spirit and unleash your creative potential.

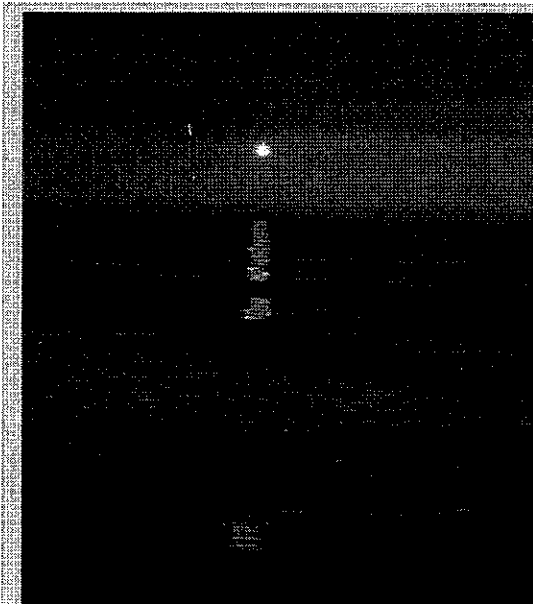
--PAM BECKERMAN

HAPPY Birthday!

Bill Cobb 5/18

*HAPPY
ANNIVERSARY*

Michael DeBruyn 5/18/95



WON'T YOU JOIN US IN THE ISLANDS?

**Logistics Conference 1998
Hawk's Cay Resort & Marina
Duck Key, FL**

The invitations are out...

Don't miss golfing, sailing, and fishing in a tropical location with informative seminars, wonderful food, great fun, plenty of drinks and an opportunity to meet, greet, and party with your KSA logistics colleagues.

RSVP to Melissa McPhail today!

the HOT SHEET

vol. 7 no. 35

May 8, 1998

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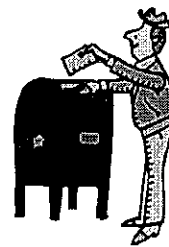
Logistics Services Group

QUOTE OF THE WEEK:

“The quality of a person’s life is in direct proportion to their commitment to excellence, regardless of their chosen field of Endeavor.”

--VINCENT T. LOMBARDI

PROJECT POSTCARDS:



DISNEY DIRECT MARKETING UPDATE

It is time for me to leave the Disney Direct Marketing project here in Jonesville, SC. Mike Gregory says that I have done enough damage here and need to be reassigned. We are currently awaiting the resolution of a business systems issue that is three to five months away. This puts a gap in KSA’s timeline to provide "value added" service on site. Thus, I am relegated to the land of the Lions and the Pistons. When the business system is ready, we (KSA and hopefully me) will return and continue on our quest to give Disney Direct the best catalog fulfillment center available. I have truly enjoyed my time at Disney and hope to see it in operation, if I can’t be there to see it open. I am leaving my counterpart, Iris Chang, behind to clean up my loose ends before she joins me in the Detroit area to work on a project for K-Mart. I just hope she can finally get her Hotsheet entry sent to Amy Burns. She has been working on one for the past two months, so I’m sure it’s really good. And, I hope Disney can figure out a way to get the rain to stop so they can get a parking lot out front.

--FRANK LEGGIO

FAREWELL TO JENNIFER VANBUSKIRK

I regret to announce that Jen VanBuskirk is leaving KSA. Jen will be working with KPMG Peat Marwick in their Atlanta Office. Many thanks to Jen for her contributions on projects at Nike, Franklin Mint, Disney and DFS.

--TORRE CRUPIE

NEWS FROM THE DC EXPO...

Logistic system vendors, customers, and consultants gathered last week in Chicago, as part of the 1998 Distribution/Computer Expo. The exhibitor list included most of the Warehouse Management System (WMS) and Transportation Management System (TMS) vendors, a few of the External Resource Planning(ERP) vendors, as well as a host of other logistics systems vendors. KSA did not have an exhibit booth (only a few consultants did), but we were able to visit most of the WMS vendors. The 'talk of the trade' included business system interface certifications, logistics execution systems (systems that integrate warehouse and transportation/logistics functionality), international and multi-site support, and implementation partnerships with consulting firms. Given KSA's strong reputation with Package Selection and Implementation projects, some of the vendors were more anxious to talk with us than with their prospective customers!

According to an attendee from Advance Manufacturing Research (AMR): "Attendance at the show appeared to be off from last year, an impression confirmed by all the vendors that we met walking the aisles. What does this mean? Certainly not a slowdown in the supply chain applications market! There is plenty of evidence to the contrary. Most vendors put a positive spin on attendance, stating that their visitors were seriously looking to buy, not kicking tires. Our discussions with prospects indicated the truth of this observation. With a few exceptions, however, midsize manufacturers and distribution-intensive companies generated most traffic."

The seminars covered a wide variety of topics, including a perspective of the WMS Industry and a 'Who's Who' in Logistics. The seminars related to WMS focused heavily on the risks of the implementation process. Copies of the many of the presentations (some of which are listed below), are available from Debi Hamrick in the Atlanta Office.

WMS Seminars

Topic	Presenter(s)
Getting Safely to WMS – Mistakes and Pitfalls to Avoid	Martin Lenow-National Account Manager, BDM
Considerations for Requirements Development and Procurement for WMS	Michael C. Dempsey – VP of Sales and Bus. Development, BDM
Warehouse Management Systems – Perspective 1998	John M. Hill – Partner, Cypress Associates
Lessons Learned from Implementing Warehouse Management Systems	Ben B. Gunter – VP, Sedlak Management Consultants
Selecting & Implementing a WMS	Ben B. Gunter – VP, Sedlak Management Consultants
Case Study – WMS Implementation	Steve Mulaik & Robert Ouellette – The Progress Group
The Event-Driven WMS – An Architecture for 21 st Century Logistics	Dan Gilmore – Director, Forte Industries Mark Fralick – VP of Development Architecture for McHugh Freeman
Logistics Execution Systems	Devdutt Yellurkar – President & CEO, Yantra Corp.

TMS Seminars

Topic	Presenter(s)
Who's Who in Logistics	Richard D. Armstrong – President, Armstrong & Associates, Inc.
Bringing ETM to the World of ERP	Ryan Northington – Product Manager, Metasys Inc.
Bridge Your ERP Gap to Manage Your Global Logistics Process	Pano Anthos – VP of Sales & Marketing, Syntra, Ltd.
Logistics and the Bottom Line	John A. Fitzgerald – Fritz Companies, Inc.

--SCOTT VIFQUAIN

THE "1/3 RULE" FOR MEZZANINES...A LESSON FROM THE CARHARTT PROJECT

In KSA's design for Carhartt's new DC in Hanson, KY, a mezzanine covers approximately one-third of the total building square footage. This new DC is also split by a three-hour firewall into two distinctly different areas (reserve storage and the processing area). We knew that allowing a mezzanine this large was not strictly following building code, but based on our past experience of building this type of facility, the ability to do this was largely based on interpretation by local officials.

The Kentucky building code, identical to BOCA, specifies that a mezzanine can not cover more than 1/3 of the area of a "room" - Carhartt's new facility has a firewall separating the building into two rooms. If you do exceed the footprint of the mezzanine greater than 1/3 the footprint of the room, the code calls for the construction of the mezzanine as a second floor with much higher construction costs (i.e. fire proofed columns, partitions, etc.). This caused a minor dilemma at Carhartt - if only the processing area is considered, then the mezzanine covers 78% of that room.

After conferring with state official, we found that only the processing area, not the entire building, could be considered for calculating the room size. We had four choices:

1. Argue that the mezzanine is a "work platform," which is not part of the building, but is material handling equipment. Sidenote: If and when our client decides to vacate this building, this "work platform" can be taken down and removed from the building.
2. Get a waiver or variance from the local officials. (having some concessions in our back pocket to address any concerns they might have)
3. Build a bigger building with a smaller work platform that meets the 1/3 footprint of the room.
4. Build the mezzanine as a costly second floor with expensive partitions that would not be material handling friendly.

The third option was the least desirable because of cost, and the fourth was almost infeasible due to disruption in how product could move through the building. In conjunction with the general contractor, H+M Construction, we pursued a combination of # 1 and #2.

To make a long story short, state and local officials approved KSA's initial design as proposed, with some modifications. These modifications focused on state officials' concern for employee safety in the case of a fire. They are as follows:

1. Provide five fire rated enclosed stairwells, which from the mezzanine level, exit directly outside of the processing room. Some exit to the outside and others to separate rooms within the building.
2. Increase the sprinkler system from .30 gallons per minute to .34 gallons per minute. (This only required increasing the pressure in the sprinkler system with no additional heads.)

While we clearly exceeded the "1/3 Rule" in the BOCA code, the project team made concessions to address the safety concerns of building officials. Based on everyone's discussions it appears the BOCA code is clearly lacking a coherent plan with regard to the use of mezzanines in distribution centers. It's also apparent that many state and local officials have many interpretations.

Please contact either Brian or Karl if you have any questions on any similar problems you may have with the "1/3 Rule".

--*B.R. EHLENBERG*

--*K.R. SWENSEN*

RECENT REQUESTS:

SHELTERED WORKSHOPS ON-SITE

We are currently doing a concept design for Wilton Industries, the cake decorating kings of Chicago!

Currently Wilton uses off-site, generally government funded, sheltered workcenters for some product assembly and kitting functions. A sheltered workshop is a subcontracted facility that employs mentally or physically handicapped people.

Most of the work done is repetitive, like putting together a set of 30 cake decorating tips into one cake decorating kit. Wilton has asked about the pros/cons of bringing such a workshop onsite to save on transportation cost. I would like to compile a list for Wilton of companies that currently use sheltered workcenters both off and onsite.

- Has anyone had experience in a facility with sheltered workshops on-site?
- A facility that has considered and decided against sheltered workshops on-site?
- If so, which clients?
- What are some of the pros and cons of having a sheltered workshop on-site?

--*MELISA OLSON*

VENDOR VITLES:

Logistics Management & Distribution Report (April 1998)

THIRD PARTIES: CALIBER LOOKS TO EDS FOR IT SUPPORT

Caliber Logistics has become the latest third party logistics provider to recruit an information technology company to develop outsourcing solutions for customers. The Hudson, Ohio-based Company recently hired EDS of Plano, Texas, to handle all computer applications development related to Caliber's logistics projects. This includes modifying and customizing current computer systems and systems maintenance, as well as future development.

As part of the deal, Caliber will be able to draw on EDS's systems engineers and information-technology professionals to meet customer's requests for logistics services. "The people at Caliber will work with customers to define requirements and turn those requirements over to EDS, which will build the application or make modifications to an existing application," said Caliber's IT director, Jim Para.

Caliber's management is convinced that information technology has become critical to its operation. "Rapid, high-quality implementation of leading-edge information technology is crucial to out successful logistics-management service," says Tom Escott, president of Caliber Logistics. "EDS has the experience and expertise to help us deliver customized solutions more quickly and be ever more responsive to our customer."

With roots in transportation or warehousing, many third-party logistics companies lack the computer expertise to build specific software applications or to link the disparate information systems required for data flow across the supply chain. As third-party providers have expanded the scope of their outsourcing contracts, they've cut deals with software companies or consultants to provide the information technology needed for supply-chain management. Last year, for instance, Ryder System Inc., another top U.S. third-party logistics company, hired Andersen Consulting and IBM Global Services to handle its information-technology requirements.

--TAVANWORMER

NOTES... NEWS... NONSENSE:

BEST WISHES ON *Mother's Day*

BUMPER STICKER MATERIAL

- I don't suffer from insanity. I enjoy every minute of it.
- Okay, who put a "stop payment" on my reality check?
- My family gene pool could use a little chlorine.
- He who laughs last thinks slowest!
- Always remember you're unique, just like everyone else.
- Give me ambiguity or give me something else.
- A flashlight is a case for holding dead batteries.
- Lottery: A tax on people who are bad at math.
- There's too much blood in my caffeine system.
- I won't rise to the occasion, but I'll slide over to it.
- Consciousness: that annoying time between naps.
- I used to have a handle on life, then it broke.
- Don't take life too seriously, you won't get out alive.
- Better to understand a little than to misunderstand a lot.
- Where there's a will, I want to be in it.
- We have enough youth, how about a fountain of SMART?
- All generalizations are false, including this one.
- Change is inevitable, except from a vending machine.

---PAM BECKERMAN

UNREASONABLE THEORIES

There was a contest to determine who could come up with the most unreasonable theories...

HONORABLE MENTION:

The quantity of consonants in the English language is constant. If omitted in one place, they turn up in another. When a Bostonian "pahks" his "cah," the lost Rs migrate southwest, causing a Texan to "warsh" his car and invest in "erl" wells.

RUNNER-UP #4:

The earth may spin faster on its axis due to deforestation. Just as a figure skater's rate of spin increases when the arms are brought in close to the body, the cutting of tall trees may cause our planet to spin dangerously fast.

RUNNER-UP #3:

Communist China is technologically underdeveloped because they have no alphabet and therefore cannot use acronyms to communicate ideas at a faster rate.

RUNNER-UP #2:

Why Yawning Is Contagious: You yawn to equalize the pressure on your eardrums. The resulting pressure change outside your eardrums unbalances other people's ear pressures, so they must yawn to even it out.

RUNNER-UP #1:

If an infinite number of rednecks riding in an infinite number of pickup trucks fire an infinite number of shotgun rounds at an infinite number of highway signs, they will eventually produce all the world's great literary works in Braille.

GRAND PRIZE WINNER:

When a cat is dropped, it always lands on its feet; when toast is dropped, it always lands with the buttered side facing down. I propose to strap buttered toast to the back of a cat -- the two will hover, spinning inches above the ground. With a giant buttered-cat array, a high-speed monorail could easily link New York with Chicago.

--MELISSA MCPHAIL

HAPPY BIRTHDAY!

**Randy Moore 5/9
Todd Mitchell 5/10**

**Sharon Chancey 5/10
Barbara Byrnes 5/12**

HAPPY ANNIVERSARY

Bob Roge 5/14/90

the HOTSHEET

vol. 7 no. 34

May 1, 1998

Publisher: Amy Burns

Editor: Leanne Smullen

Published by KSA Atlanta

Logistics Services Group

QUOTE OF THE WEEK:

“We must wait until the evening to see how splendid the day has been.”

--SOPHOCLES

PUBLISHER'S NOTE:

As promised, the consultant's spotlight has been pulled from the Hotsheet archives. Each month will feature the professional and personal highlights of a different KSA consultant. This is just another way a learning more about our fellow KSAers who we talk to and about each day, but rarely have the opportunity to meet. My heartfelt gratitude goes out to Cameron Geiger who has been kind enough to take a moment from his busy day and share with everyone a little more about himself. Learn from his example!

INDUSTRY INSIGHTS:

WALL STREET JOURNAL (23 APRIL 1998)

DON'T THROW THE BOOK AT SUPERSTORES

The next time you go into a **Borders** or Barnes & Noble superstore, stop to smell more than the gourmet coffee wafting out of the espresso bar. Look around: The typical Borders superstore stocks about 150,000 different book titles and 50,000 music selections, as well as videos. The magazine rack boasts about 2,500 different publications. The prices are about as good as they get: 10% off the list price of most hardcover books, 30% off New York Times hardcover bestsellers and other special selections, classroom and volume discounts, and remainder bins piled high with reduced-price books.

As you soak all this in, take a long pull of your double cappuccino and a quick nibble of your chocolate biscotti. And then, amid such a scene of bookish plenty, despair—for it all proves that “American culture is in jeopardy.... Under the effects of the chains' buying power and economic concentration, it will suffer from a lack of diversity and choice.”

That's the official position of the American Booksellers Association, a trade association that represents about 3,500 booksellers nationwide, as articulated by its chief executive officer, Avin Mark Dominitz, in Publishers Weekly. Last month the ABA, joined by about two dozen

California booksellers, filed an antitrust lawsuit against Borders and Barnes & Noble in federal court in San Francisco, claiming that the superstore retailers are getting from publishers illegal "extra discounts," "special terms" and a "whole range of various [advertising] and 'promotional' terms not provided" to "independent" bookstores.

The plaintiffs are suing Borders and Barnes & Noble under the Robinson-Patman Act, a 1936 federal antitrust statute that forbids "price discrimination," and under two similar California state statutes designed to prohibit "unearned" discounts to chain stores.

The ABA's public relations pitch about the case has focused on public-interest themes. From 1991-1996, annual book purchases rose to \$26.1 billion from \$20.1 billion, an increase of about 30%. Over the same period, however, independent bookstores' share of the market dropped to 18% from 33%, while that of national chains grew to 26% from 22%, in large part due to the growth in superstores. Despite the economic and philosophical weaknesses of its case, however, ABA's chances in court look good. In Robinson-Patman cases, the courts typically rule that any differences in price are tantamount to "discrimination" and are therefore actionable.

--AMY BURNS

KSA IN THE NEWS

OPERATIONS & FULFILLMENT (MAY/JUNE 1998)

MAKING ROOM FOR GROWTH: AN INSIDE LOOK AT HOW WILLIAMS-SONOMA TRANSFORMED ITS MEMPHIS WAREHOUSE INTO A STATE-OF-THE-ART FACILITY

(excerpts from an 8-page article)

The "new product" of the **Williams-Sonoma** facility consisted of sophisticated material handling equipment and information systems that enabled Williams-Sonoma customer service to take a giant leap forward. Material handling system design and installation came from East Moriches, NY-based Integrated Handling Systems, which had set up Williams-Sonoma's original material handling systems back in 1984; software interfaces were designed primarily by Atlanta-based consultancy **Kurt Salmon Associates (KSA)**....

ALL SYSTEMS GO

The "brain" that controls Williams-Sonoma's fulfillment process is an intricate "combination of package and customer systems, with a lot of sub-systems," says Kurt Salmon Associate's principal, **Chris Merritt**. "We took their old system as a base and added functionality."

Merritt says that KSA first enhanced Williams-Sonoma's system in 1995, providing software to enable carton and shipping method selection. "Williams-Sonoma has a unique business in the hard goods industry, and it's a significant savings for them to customize cartonizing," he says. The cataloger also needed "best-way routing" software that would allow upgrades to alternative carriers if necessary.

Over a seven-to eight-month period in 1996, KSA further tweaked the system to interface with the new material handling systems and computer-aided picking system (CAPS). "There were all these different pieces with which we had to interface," Merritt says. "The problem was getting them to talk to each other."

Typically, a WMS tracks orders, shipments, and inventory and replenishes stock, but doesn't communicate directly with material handling systems. The interface at Williams-Sonoma allows the WMS to inform the CAPS which items need to be picked and their locations. The CAPS in turn uses lights to convey these instructions to the order picker, and informs the WMS when the order is completed. The warehouse management system then transmits this information to shipping.

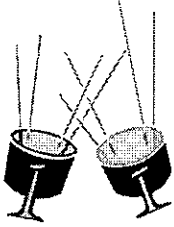
The company's growing volume made the WMS-CAPS interface absolutely crucial, says Merritt. The warehouse management system needed to move inventory to the right locations quickly because a pick-to-light system doesn't function properly when a location is empty. The upgraded WMS can perform urgent replenishment as well as hold items that don't need to be processed right away. And the CAPS "helps with order accuracy," Owens says. "We have 5,400 CAPS lights, up from 800 in 1984. The system shortens training times, reduces fatigue and error rates, and improves productivity."

Another key feature of the systems upgrade was an interface of the WMS with custom CAPS software to allow "mirror imaging" of pick stations, or assigning picks to multiple locations for the same SKU. This offers flexibility when volume becomes too high for one pick location. Multiple picking lines can be balanced to increase productivity, and after the peak period any line can be dismantled without affecting the others....

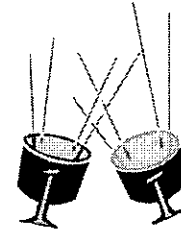
(Publishers Note: Reprints of the article in its entirety have been ordered and should be in stock within 2-3 weeks. To receive copy of the article, please e-mail your request and mailing address to Amy Burns.)

--AMY BURNS

CONSULTANT SPOTLIGHT



CAMERON GEIGER



I. Professional Information

1. KSA Anniversary: January 8, 1996
2. Specialization within KSA: None so far.
3. Other Skills/Professional Accomplishments: Base Plus, Retail Staffing, Business System Implementation, DC design/testing/implementation
4. Work Experience Prior to KSA: Marine Helicopter Pilot, 7 years
5. Current Client: Nike, DC design/testing/implementation; DCMS implementation
6. List of Major Client Assignments: DM Management, Sports & Recreation (now Jumbo Sports), Nike

II. Personal Information

1. Place of Birth: Beaufort, SC
2. Married, Kids: Married (wife, Amber), 2 kids (Savannah, 5 and Drax, 3)
3. Hobbies: Spending time with family, exercise, reading
4. Most Interesting Client Assignment & Why: Nike, because of the high profile and the wide range of development opportunities. Although, Sports & Recreation was great because it was retail, which was really fun to work on.
5. Worst Client Assignment & Why: None have been bad so far.
6. Most Interesting Place Visited: Since KSA—Montreal, Canada while vacationing during the DM Management Project. Prior to KSA—Rhodes, Greece while they celebrated the 4500th year of recorded civilization.
7. Favorite Quote: “What we have here is a failure to communicate.” Penal Farm Warden in *Cool Hand Luke*.
8. Biggest Regret: Never thought about it, never plan to!
9. Most Unusual or Funniest Experience: I can’t say without incriminating myself. Other than they all happened overseas. I was younger then, and I will deny them all if asked.
10. If you could live anywhere, where would it be? Closer to family, convenient to an airport. I would rather fly to a KSA office than fly to visit my relatives!
11. Frequent Flyer Miles: Delta Silver Medallion...nothing to brag about.
12. Favorite Movie(s): *The Magnificent Seven* (Western), *Star Wars* (Sci Fi), *Indiana Jones*, *Temple of Doom* (Adventure), *Braveheart* (Drama), *Hot Shots* (Comedy)
13. First Album Purchased? *Styx Grand Illusion*
14. Pets: None yet. I promised Savannah she could have a fish when she was 6 (a few months from now) and a dog when she was 10.
15. Any other Information (i.e. that says something about who you are that you wouldn’t mind sharing with the group): I lead what most people would think is a rather boring life right now. I focus almost all my energy outside of work on my family. Being a good parent is the most important, rewarding, and challenging role I will ever have.

NOTES...NEWS...NONSENSE:

BEATING A DEAD HORSE

Dakota tribal wisdom says that when you discover you are riding a dead horse, the best strategy is to dismount. However, in business, we often try other strategies with dead horses, including the following:

1. Buying a stronger whip.
2. Changing riders.
3. Saying things like "This is the way we always have ridden this horse."
4. Appointing a committee to study the horse.
5. Arranging to visit other sites to see how they ride dead horses.
6. Increasing the standards to ride dead horses.
7. Appointing a tiger team to revive the dead horse.
8. Creating a training session to increase our riding ability.
9. Comparing the state of dead horses in today's environment.
10. Change the requirements declaring that "This horse is not dead."
11. Hire contractors to ride the dead horse.
12. Harnessing several dead horses together for increased speed.
13. Declaring that "No horse is too dead to beat."
14. Providing additional funding to increase the horse's performance.
15. Do a Cost Analysis Study to see if contractors can ride it cheaper.
16. Purchase a product to make dead horses run faster.
17. Declare the horse is "better, faster and cheaper" dead.
18. Form a quality circle to find uses for dead horses.
19. Revisit the performance requirements for horses.
20. Say this horse was procured with cost as an independent variable.
21. Promote the dead horse to a supervisory position.

---PAM BECKERMAN

SO YOU WANT A DAY OFF?

Let's take a look at what you are asking for.
There are 365 days per year available for work.
There are 52 weeks per year in which you already have 2 days off per week, leaving 261 available for work.

Since you spend 16 hours each day away from work, you have used up 170 days, leaving only 91 days available.

You spend 30 minutes each day on coffee break, which counts for 23 days each year, leaving only 68 days available.

With a 1-hour lunch each day, you used up another 46 days, leaving only 22 days available for work.

You normally spend 2 days per year on sick leave.

This leaves you only 20 days per year available for work.

We are off 5 holidays per year, so your available working time is down to 15 days.

We generously give 14 days vacation per year, which leaves only 1 day available for work, and I'll be darn if you are going to take that day off!

--AMY BURNS

HAPPY Birthday!

Britt Dayton 5/1

Matt Prevost 5/6

HAPPY ANNIVERSARY

Gary Medson 5/1/95

Jack Horst 5/4/92

the HOT SHEET

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Publisher: Amy Burns

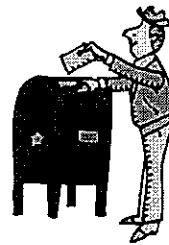
Editor: Leanne Smullen

Published by KSA Atlanta
Logistics Services Group

QUOTE OF THE WEEK:

“ The highest reward for a person’s toil is not what they get for it, but what they become by it.”

---JOHN RUSKIN



PROJECT POSTCARDS:

DFS UPDATE

Hello from Columbus, Ohio and the DFS Eddie Bauer/Spiegel *TeamShare Plus* project. Over the next 12 months we will be installing standards in three buildings for over 2000 associates. We are dividing and conquering with the following two teams:

Fisher Road/International Street

Neysa Colizzi
Chris Rettig
Randy Unger

Groveport

Chris Paddock
Ken Acosta
Dorron Margalit

Our start here has been relatively complicated and eventful due to the fact that DFS is on its third incentive program since existence and second program within a year. The fact that the most recent programs have been less than successful is both a blessing and a curse. On one hand, the Associates are excited for the change and potential rewards that BasePlus® will bring, but on the other hand, are pessimistic due to the past programs.

Groveport

We have just finished installing the first standards in the Catalog Returns area. Three separate standards were implemented in the Package Opening Operations covering close to 100 Associates. Some highlights of the kickoff week included:

- The President of the company, Mike Wilson, standing on a desk at 6:30a.m., addressing Associates side-by-side with the engineering team at the Kickoff meeting.
- Productivity up 30% compared to pre-standard numbers!!
- The downstream processes of these first areas going on-standard are “getting killed down here...what did you do to those Openers?!”
- Overall team performances ranging from 78-92%.

Unfortunately for the engineering team and for the perception of the program by Associates, the improvement generated has really highlighted the fact that there is a severe overstaffed situation that will require many layoffs (mostly seasonals) right off the bat.

Once again, thanks to Denise Trostle, the goddess of patience, for her guidance and typical good judgement installing Control Plus and helping us get our first standard off the ground with such great success.

Fisher Road

We just started getting involved in this 4 million square foot building. A converted Sears DC, the building is filled with plenty of opportunity for improvement. We are starting engineering in the Retail Receiving area that consists of unloading, sorting, and a quality audit. We have already begun to see improvements in the dock flow and throughput by implementing minor changes to better utilize staff. The opportunities are faced with many obstacles, including the high quality requirements of Eddie Bauer. The first standard installation is target for May 4th.

We are looking forward to installing a Leadership Training program to the over 100 managers and supervisors, which will be kicked off with MOC classes conducted by Jack Horst and Jane Griesinger.

-THE DFS TEAM

INTERNATIONAL CORNERSTONE GROUP

The planning and detailed design of *Cornerstone's* new 775,000 square foot catalog distribution center is almost complete. We have begun assisting Cornerstone with facility implementation and will continue to assist them through early year 2000.

The WMS vendor search for Cornerstone has been narrowed down to a field of three potential vendors: DCMS, PkMS, and Exeter. A gap analysis will be performed in the coming weeks to select the final vendor.

We welcome Ralph Wear and Owen (O.J.) Tatsuta to the Cornerstone Implementation Team. O.J. is a West Point Graduate and most recently an Army BlackHawk helicopter pilot. If you are in Atlanta, please stop by and welcome O.J. to KSA.

--DAN STONACKER

VENDOR VITTLES:

INDIAN APPAREL INDUSTRY WEBSITE

Here's a site that some of you working on sourcing / Indian apparel industry might find interesting.

<http://www.india-apparel.com>

Earlier this week I spoke to one of the people who's developed this site, and he said that the eventual aim is to use this as a stepping stone for EDI-based linkages for Indian apparel producers. Although it's far from that goal, it still has useful information that is a useful introduction to the Indian industry.

--DEVANGSHU

INDUSTRY INSIGHTS:

MODERN MATERIALS HANDLING (APRIL 1998)

HOW TO DECIDE WHEN LIFT TRUCK LEASING IS THE RIGHT WAY TO GO

By most accounts, leasing is a hot button when it comes to lift trucks. Suppliers are reporting dramatic increases in the number of leases with some saying they account for 60% or more of new lift truck deliveries.

But as strong a trend as that is, you still need to make a careful evaluation of lease terms and conditions and decide how it fits (or doesn't fit) your company's needs. There are, after all, three other alternatives—rent, buy with cash, and buy with financing. To make a decision you need to know the financial and operating reasons for choosing one over the other.

Leasing is a viable route for many users of lift trucks today. However, there is more to the decision than just dollars and cents. So be sure to understand all your company's lift truck related needs before signing on the dotted line.

(Chart Next Page)

The following chart will help guide you in making the decision that is right for your company:

<i>EVALUATION CRITERIA</i>	<i>LEASE</i>	<i>RENT</i>	<i>BUY/CASH</i>	<i>BUY/FINANCE</i>
<i>WANTS OWNERSHIP</i>			[[
<i>OWNERSHIP CONSIDERED OPTIONAL</i>	[
<i>USE AND RETURN ONLY</i>	[[
<i>OFF-BALANCE SHEET FINANCING</i>	[
<i>100% FINANCING (NO DOWN-PAYMENT)</i>	[[
<i>CASH SURPLUS-TRADE IN</i>			[[
<i>EXPENSE 100% OF PAYMENTS</i>	[[
<i>NEED DEPRECIATION/INTEREST WRITE-OFFS</i>			[[
<i>AFFECTED BY ALTERNATIVE MINIMUM TAX</i>	[[
<i>LOWEST TOTAL COST (FOR OWNERSHIP)</i>			[
<i>LOWEST MONTHLY PAYMENT (FOR USE)</i>	[
<i>FUTURE BUSINESS UNCERTAIN</i>		[
<i>TEMPORARILY AVOID DEBT</i>		[
<i>TRY OUT MACHINE</i>		[
<i>IMPROVE CASH FLOW</i>	[[
<i>PLANNED EQUIPMENT REPLACEMENT</i>	[[
<i>ELIMINATE EQUIPT. DISPOSAL CONCERNS</i>	[[

--LEANNE SMULLEN

NEXT TIME YOU WANT TO DESIGN A MEZZANINE...

Beware of building mezzanines in a seismic zone, when you design one that will be attached to the columns of the building. In a seismic zone, the building columns have to be strong enough to support loads both vertically and horizontally, otherwise you have to put bracing underneath the mezzanine to support the loads it will be carrying.

So, when you write the pre-architectural specifications do one of two things:

1. Specify that the builder reinforces the column to hold the increased loads.
- Or
2. When you specify the mezzanine to different vendors ensure that bracing is required as part of the bid for the mezzanine.

--BOB SMITH

Material Handling Engineering (April 1998)

Two Publications Available:

RACK MANUFACTURERS OFFER NEW STANDARD

The **Rack Manufacturers Institute (RMI)** has just published a sweeping new specification for the design, testing and utilization of industrial steel storage racks. RMI '97 is result of 30 years of testing and research supported by members of RMI. The document is dramatically modified from earlier editions to allow complete seismic design, to amend installation and application considerations and to standardize design and testing methods and defaults -- all with the guiding objective of enhancing safety and fitness.

To signal support of RMI '97, and its safety and fitness objective, members of RMI have agreed to comply with the provisions of RMI '97 as a condition of membership in the organization.

PALLET AND CONTAINER BUYER'S GUIDE AVAILABLE

The **National Wooden Pallet and Container Association (NWPCA)** has published the *1998 NWPCA Buyer's Guide*. It's considered an important resource designed to help pallet, container and reel users locate suppliers who can provide solutions for material handling needs.

The publication is designed to locate information by pallet or container type, related services, third-party pallet management services, or geographically by state or country. The publication is free.

Editor's note: I have ordered 3 copies of each (for the Atlanta, Princeton and Los Angeles logistics offices). The documents cost \$40 each. Please contact your nearest logistics office to view or order a copy.

--LEANNE SMULLEN

NOTES... .NEWS... .NONSENSE:

WILL THE REAL DUMMY PLEASE STAND UP?!

A T&T fired President John Walter after nine months, saying he lacked "intellectual leadership". He received a \$26 million severance package.

The Old Switch-a-roo

Police in Oakland, California spent two hours attempting to subdue a gunman who had barricaded himself inside his home. After firing ten tear gas canisters, officers discovered that the man was standing beside them, shouting pleas to come out and give himself up...

And What Was Plan B?

An Illinois man pretending to have a gun kidnapped a motorist and forced him to drive to two different automated teller machines. The kidnapper then proceeded to withdraw money from his own bank accounts...

Some Days, It Just Doesn't Pay to Gnaw Through the Straps...

Fire investigators on Maui have determined the cause of a blaze that destroyed a \$127,000 home last month - a short in the homeowner's newly installed fire prevention alarm system. "This is even worse than last year," said the distraught homeowner, "when someone broke in and stole my new security system..."

And for the Main Course...

A man in Taormina, Italy was hospitalized after swallowing 46 teaspoons, 2 cigarette lighters, and a pair of salad tongs.

The Getaway

A man walked in to a Topeka, Kansas Kwik Shop, and asked for all the money in the cash drawer. Apparently, the take was too small, so he tied up the store clerk and worked the counter himself for three hours until police showed up and grabbed him.

Characteristics of Effective Coaches



According to the *Successful Manager's Handbook*, people who are effective at coaching employees to high levels of performance create an atmosphere that nurtures learning and development. Effective coaches possess the following characteristics:

- Base the coaching relationship on trust, not similarity.
- Are optimistic about human nature.
- Meet people where they are.
- Give people opportunities to take risks and learn from their mistakes.
- Listen more than they talk.
- Are patient, and are willing to the *coachable* moment.
- Speak candidly and dispense their message in the right dose.
- Cultivate personal accountability and ownership.
- Approach resistance and reluctance to change with curiosity.
- Know their own strengths and weaknesses.
- Are continuous learners.

What kind of coach are you?

--PAM BECKERMAN

HAPPY BIRTHDAY!

Chris Mazzei 4/19

Steve Riepenhoff 4/26

Mark Thomas 4/28

the HOT SHEET

vol. 7 no. 32

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Editor: Leanne Smullen

Published by KSA Atlanta

Logistics Services Group

QUOTE OF THE WEEK:

“ Hopes are but the dreams of those who are awake.”

---Pindar

VENDOR VITTLLES:

BUSINESS WIRE-- April 8, 1998--

SAP AND FEDERAL EXPRESS LAUNCH INTEGRATED SOLUTION

SAP AG, the world's leading provider of enterprise application software solutions, and Federal Express Corp. (FedEx), the world's largest express transportation company, jointly launched the first in a series of integrated software solutions that will link FedEx's logistics and transportation capabilities with the SAP(TM) R/3(TM) System.

As part of the alliance, FedEx is delivering a new shipping and tracking application designed specifically for R/3 users with real-time package lifecycle information. SAP has worked closely with FedEx to develop a certified interface, providing SAP and FedEx customers with a fully integrated supply chain solution for today's competitive global marketplace. The initial implementation is currently in progress at Hewlett-Packard Company.

The new integrated solution offers customers such features as real-time shipping and tracking functions from order entry through package delivery, all from within R/3. SAP customers will be able to streamline their supply chain by reducing inventory management and resource costs. A FedEx package tracking number, as well as freight charges, can be obtained and assigned immediately via R/3 order entry while a customer order is being placed. Subsequent order status and package status is available immediately as the package moves by FedEx from a R/3 customer's shipping dock through the FedEx delivery network to its final destination.

---TOM CLEMENT

WARNING: RAPISTAN YEAR 2000 CUSTOMER SERVICE

Ensure that all performance specifications sent to conveyor, sortation, and software vendors states that all systems must be year 2000 compliant. **Rapistan Demag** recently sent a letter to a KSA client requesting \$100 plus in expenses to determine if the software installed by Rapistan just six months ago is Y2K compliant. Rapistan has since offered to perform this service free of charge for this specific client, but they assured me that they will be charging their other clients for this service.

Rapistan's Year 2000 Service Department has stated that they have no way of knowing if their systems are compliant without going on-site and testing each system. They also stated that while they are relatively confident that software manufactured by *their* systems engineers is compliant, they have no way of knowing if software developed by any of their subcontractors complies. Therefore, before selecting Rapistan or commissioning any of their current installations, ensure that they have provided, in writing, assurance that all systems being installing are compliant.

--*RANDY UNGER*

INDUSTRY INSIGHTS:

BUSINESS TO BUSINESS (APRIL/MAY 1998)

ACTIVE ANDERSEN

Andersen Consulting has opened a new solution office in the Equitable Building downtown, Atlanta, and plans to hire 450 employees over the next two years to add to an existing 1,300 based in Atlanta.

There are currently 50 Andersen Consulting solution centers worldwide, and the Atlanta office is the first in the global network to house a center for managed care solutions, which will focus on issues solely related to health services, managed care and insurance industries. The other two centers in the Atlanta solutions office will specialize in human resources and financial solutions.

Amidst changes in form and design of consulting, Andersen Consulting remains active in the community. The new solutions center will support five Andersen Consulting *Hands On Atlanta* projects this spring, with over 2,500 hours of service through more than 450 employees.

--*AMY BURNS*

LOGISTICS MANAGEMENT & DISTRIBUTION REPORT (JANUARY 1998) TWELVE TRENDS THAT WILL SHAPE 3PLS

As third-party logistics providers plan for the future, the sky-or the globe-is the limit. Here are some of the factors that will determine how they fare.

1. The market will create the one-stop, everything-you-need 3PL through partnerships.

Customers like the idea of using one provider. It means one computer interface, one point of contact, one contract, one bill, etc. So, 3PLs will form partnerships with other 3PLs, with technology companies, and with other vendors to serve a customer's entire supply chain.

2. 3PLs will become more profitable.

"Third parties have improved their profitability through tighter internal cost controls and better use of technology," says Thomas Escott, president of Caliber Logistics. Third parties will add value through "sophisticated, integrated supply-chain solutions." Big-picture solutions will come from partnerships and global opportunities.

3. New customers create larger and more efficient networks for 3PLs.

These include transportation, warehousing, and information networks. The more customers a 3PL finds with similar geographic needs, the greater the opportunity.

4. Customers will depend on 3PLs to make sense of technology.

Instead of continuously investing in in-house IT solutions, many managers will depend on 3PLs to supply a portion-or all-of the logistics system. Customers will also look to 3PLs to evaluate systems.

5. Third parties are looking for a few good men and women.

It's not easy finding people who are able to analyze and then optimize logistics networks and supply chains. Because 3PLs run more than one project at a time, they require a greater number of these gifted people. One company's solution: retired military personnel, who typically have 25 years of doing nothing but supply chain management.

6. With gain sharing, 3PLs talk the talk. With risk sharing, they walk the walk.

When a third party takes over a supply chain, it is responsible for its client's sales and business streams. If it doesn't achieve minimum expected results, they give up their profitability, not costs.

7. Customer-3PL relationships will last for longer periods of time.

"The longer the relationship, the better a third party can understand and improve a customer's operations," says Peters E. Brennan, vice president and general manager of North American Van Lines Customized Logistics.

8. Small contracts frequently lead to larger provider-driven logistics relationships.

Many third party relationships begin when customers outsource a small piece of the supply chain. Once the initial task is completed, it almost always leads to additional questions and needs for the relationship to build on. It's the third party logistics provider's responsibility to uncover these opportunities.

9. The year 2000 computer dilemma may be a boon for 3PLs.

Since manufacturing and finance will get first priority, it's most likely that companies will tend to outsource their logistics systems to third-party providers that have 2000-compliant systems.

10. 3PLs will not become consultants (but they may charge service fees).

Before a third party ever wins a contract, it spends months analyzing the prospect's logistics operations. The 3PL will make recommendations and provide detailed reports to the prospect. In short, the 3PL assumes the role of consultant, minus the six-figure fees. Observers say that as 3PLs look for ways to improve their profitability, the free analysis could end.

11. "Loss of control" is still an issue for companies evaluating the potential use of 3PLs, but not for 3PL customers.

Corporations -and individuals- that have not tried the third-party route often cite fear of losing control over their logistics operations. Yet, customers of 3PLs rarely voice this complaint. Most cite that the 3PL helped them gain stability and standardize operations.

12. Good logistics, whether it comes from 3PLs or in-house staffs, is good business.

According to Edward M. Straw, president of Ryder Integrated Logistics, "taking the cost out of the system improves shareholders' value and it improves the economy."

---LEANNE SMULLEN

**BUSINESS TO BUSINESS (April/May 1998)
ARE YOU READY FOR OUTSOURCING?**

Answering "yes" to most of these questions may indicate you are.

- Given a clean slate, would you change your current infrastructure?
- Does the "crisis of the day" in non-core areas interfere with revenue growth?
- Would senior managers be less stressed and more productive without having responsibility over non-core support services?
- Would support employees prefer more opportunity for career development than is now offered?
- Do you wish you had the resources to stay ahead of technology and use it as a competitive advantage?

---AMY BURNS

WALL STREET JOURNAL (15 APRIL 1998)

TERMS ARE SET FOR SPLIT-OFF OF ABERCROMBIE & FITCH

Limited Inc., which is planning a tax-free split-off of its publicly traded Abercrombie & Fitch unit, set terms for its "modified Dutch auction." In a filing late yesterday with the Securities and Exchange Commission, the Columbus, Ohio, retail giant said that starting today, Limited holders will be able to exchange each Limited share for between .73 and .86 an Abercrombie share. In the auction, Limited will select the lowest exchange ratio in which it can sell off the 43.6 million shares, or 84% of Abercrombie shares, it currently owns. The filing was made after the close of the markets.

---AMY BURNS

DM NEWS (6 APRIL 1998)

BRANDING THE MARATHON: NIKE RUNS CAMPAIGN FOR SURPLUS GEAR

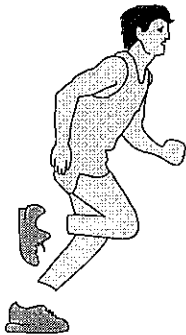
Nike, exclusive sponsor of sportswear and footwear for the 1997 New York City Marathon, is liquidating surplus custom marathon merchandise through a direct mail flier targeted at the 20,000 domestic runners in last fall's race.

The list was supplied by the New York Road Runners Club (NYRRC), which organizes the marathon and manages a proprietary list of 130,000 names in a database that includes its 32,000 members as well as 90,000 nonmember applicants to its 100 annual races and events.

The mailer dropped two weeks ago, much later than anticipated.

"We were hoping to get it out before Christmas," said Curtis Picard, merchandise director for the club, "but a lot of new postal regulations for nonprofit went into place, and we had to mail at commercial rates rather than nonprofit and that put it off..."

---AMY BURNS



RECENT REQUESTS

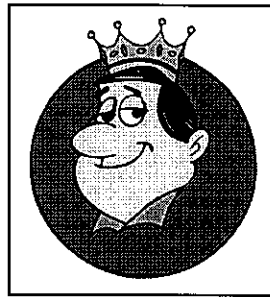
TRAINING MATERIAL FOR THE DISNEY STORE FACILITY

Greetings everyone! The project team at The Disney Store Facility Implementation project has yet another request. In the last few weeks we have started a management training program for all Disney managers, supervisors, and team leads. Disney is still in the process of determining what topics they would like to see covered and one option is The 7 Habits of Highly Effective People. Does anyone have any training material on this topic or just some ideas of how to most effectively train on the topic? Any insight you could provide would be greatly appreciated. If you do have any material, please email it to me. Thanks!

--CJ MAZZEI

GEEK OF THE WEEK

CHRIS DAHM



Chris Dahm, working on the Coldwater Creek project, submitted a document to the software vendor with the following question for them: "Hoe will keying errors be found and corrected?". His spelling error was considered timely given the subject he was addressing. He blames the misspelling of "how" on the Word Spellchecker.

---BRAD HUMPHRIES

NOTES... .NEWS... .NONSENSE:

Ideas for Influencing

Our jobs frequently involve influencing others: selling a proposal, implementing a new procedure, prompting a key decision, or getting included in key meetings. Here are some suggestions for influencing others offered by management consultant, Barb Rarden, in a recent KSA seminar:

INFLUENCING CLIENTS

- Consciously work to create trust. Be credible, authentic, and competent.
- Listen and align with their values, interests, etc., whenever possible. Remember to address “what’s in it for them?”
- Never, never, never surprise them. Give “early warning” when changes are likely to occur.
- Consciously seek to add value to their lives and careers. Add to their knowledge base; leave them more capable than you found them.
- Express appreciation openly for support, resources, ideas, contributions, efforts, risk-taking, results, and insights.
- Seek answers, information and solutions from their wisdom and experience. Involve them in the process start-to-finish.
- Never pretend you know something when you don’t.
- Give credit freely, especially when speaking to their superiors.
- Assume responsibility for your part of miscommunications and problems.

INFLUENCING PEERS

- Find ways to help peers reach their goals and look and feel successful.
- Try to understand their problems and share useful information.
- Look for common goals you can mutually pursue through informal problem solving groups between units, projects, and practical areas.
- When a peer becomes a problem, get others to exert pressure to get the person back in line.
- Share credit and opportunity freely. Operate under an “abundance mentality” (there’s plenty to go around).

INFLUENCING SUBORDINATES

- *Consciously seek to increase their trust in you. Be good for your word in all things.*
- Give recognition and credit for good performance and accomplishments.
- Credit them for their ideas when talking to clients and superiors.
- Help them to solve problems beyond their ability and experience. Don’t act as if it’s a “favor.” It’s your job!
- Clarify roles and responsibilities – yours and theirs.
- Never pretend to know something you don’t.
- Provide training, development, and support for their professional development.
- Give feedback. Assess performance candidly and often. Be open to dialogue.

INFLUENCING SUPERIORS

- Look for ways to solve problems your superiors are facing.
- Show appreciation for things they do to help.
- Encourage superiors to discuss their problems. Listen carefully. Give understanding and support.
- Provide constructive feedback on things superiors do.
- Point out new ways superiors can use your skills.
- Be loyal, even when it's difficult (unless an ethical or legal issue is at stake).
- Take the initiative if you feel you are being used or exploited in any way. Try bargaining and negotiating.

--PAM BECKERMAN

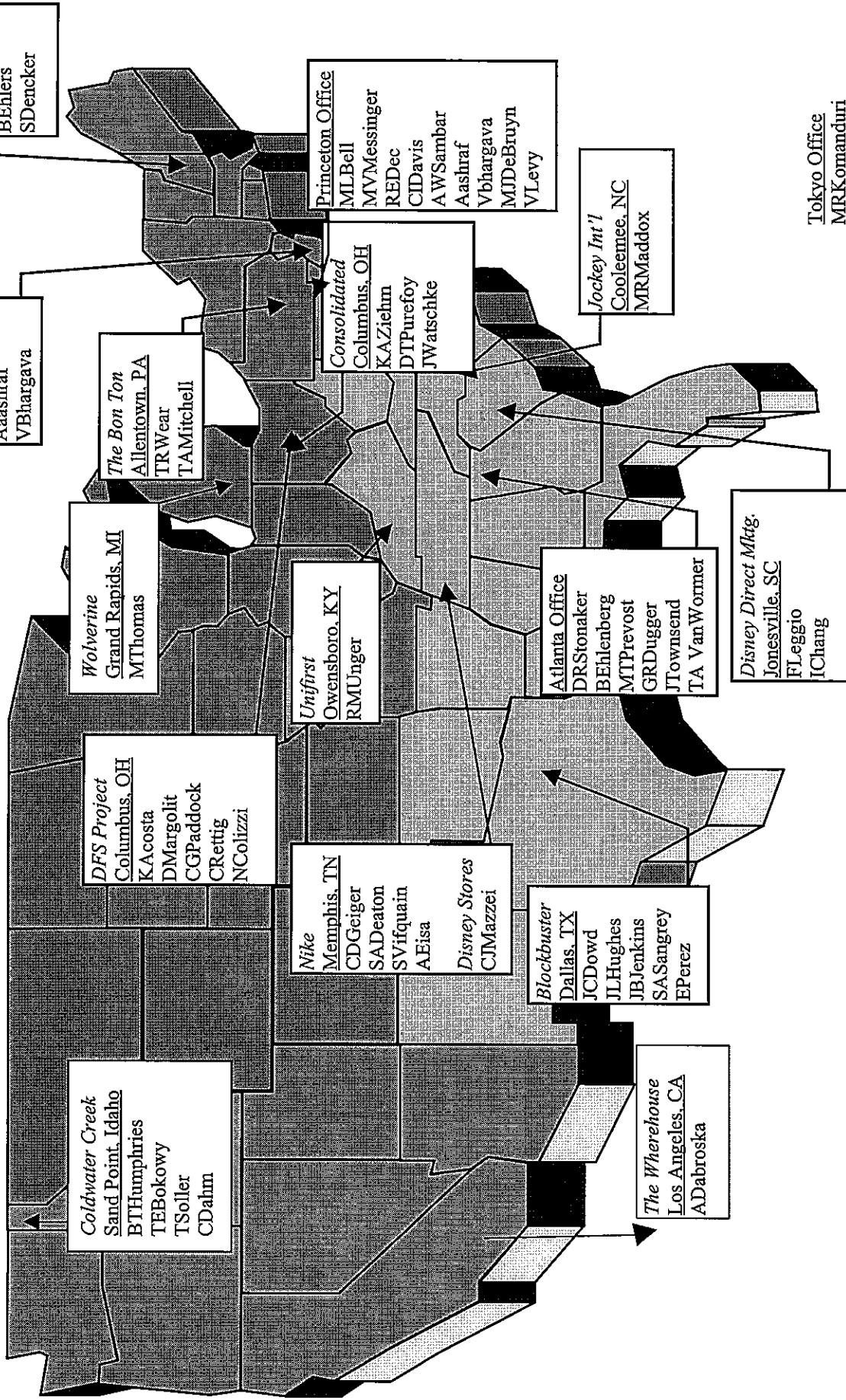
Happy Birthday to:



Jane Griesinger 4/19

Ken Acosta 4/23

RELOCATOR ROUNDUP:



the HOT SHEET

vol. 7 no. 31

April 10, 1998

Publisher: Amy Burns

Editor: Leanne Smullen

Published by KSA Atlanta

Logistics Services Group

QUOTE OF THE WEEK:

“On the Plains of Hesitation
Lie the Bones of Countless Thousands
Who at the Dawn of Victory
Stop to Rest,
And Resting Died...”

---Author Unknown

PUBLISHER'S NOTE:

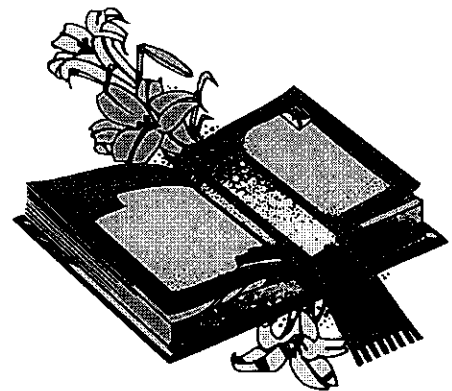
Wow! You guys sure have a lot to say about your computers. The Computer Technology clip in last week's Notes and Nonsense sparked some interesting email about what we really think about this computer age that we live in. Thanks for the great letters! Check out this week's Notes...to see some of the printable responses.

Just a quick reminder...please send all of your Hotsheet submissions to me (and not Sharon Anderson) by 5pm on Wednesday to be included.

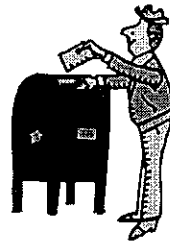
I'm looking for a Geek of the Week. "What's that?" you ask? A Geek of the Week is someone that you have witnessed make this week's most embarrassing blunder. For example, someone who pulled away from a gas pump and left the nozzle still attached to the car. (No one has told me who this was, though...)

---Amy Burns

HAPPY HOLIDAYS



PROJECT POSTCARDS:



DISNEY STORE IMPLEMENTATION PROJECT

The Disney Store Implementation project would like to say thank you to Arshad Ashraf. Last Friday, Arshad completed a brief but productive stay on the project here in Memphis. In just one week, Arshad managed to learn a tremendous amount about Disney's tilt tray sorter as well as make some innovative recommendations for how Disney might better use its sorter and improve its process. Highlights of his work included a detailed analysis of staff balancing between inducting, packing and support. This analysis was used to create a staffing model that will be incredibly valuable to the supervisor of the area. As a typical KSAer, Arshad also managed to have some fun while in Memphis. After his first day of work (I hope it wasn't too traumatic), he attended a NCAA championship barbecue at my house on Monday. Not wanting to show up empty handed, but not knowing where any grocery stores were located, he stopped at McDonalds and bought five 20 packs of chicken nuggets. Needless to say his nickname immediately became "Nugget." The team at Disney hopes that this may be a defining moment for Arshad and that this name might stick with him throughout his career at KSA. He also managed to take in some of the local culture here in Memphis visiting Beale Street and having dinner at Elvis Presley's restaurant. Welcome to KSA, Arshad, and we hope you take to your next project all your knowledge, energy, and enthusiasm that you managed to show us in just one week. Good luck and thanks again!

---Chris Mazzei

VENDOR VITTLES:

AUTOMATIC CALL DISTRIBUTOR

When you call to order something from your favorite catalog, your call is routed to a call center associate by an ACD, or Automatic Call Distributor. ACDs route large numbers of calls to agents with appropriate skills to handle them, distributing the workload equitably. This list could come in handy the next time you work on a call center project for which you have to recommend ACD equipment. Feel free to cut and paste this list into your own BOK on your hard drive.

---Leanne Smullen

ACD VENDOR**PHONE**

APPLIED VOICE TECHNOLOGY	425-820-6000
APROPOS TECHNOLOGY	630-472-9600
ASPECT TELECOMMUNICATIONS	800-541-7799
BCS TECHNOLOGIES	800-756-8633
CALL CENTER TECHNOLOGY	800-730-4ACD
CINTEC TELE-MANAGEMENT SYSTEMS	513-731-6000
COMDIAL	800-347-1432
COMPUTER COMMUNICATION SPECIALISTS	770-441-3114
COMPUTER TALK TECHNOLOGY	905-365-7774
CORTELCO	901-365-7774
CROWN GOLD COMMUNICATIONS	612-714-1107
CT SOLUTIONS	800-724-0802
DIGITAL TECHNIQUES	800-634-4976
EASY RUN	201-541-1855
ERICSSON	800-374-2776
EXECUTONE INFORMATION SYSTEMS	203-876-7600
FUJITSU	800-553-3263
GEOTEL COMMUNICATIONS	978-275-5100
GLOBE STAR SYSTEMS	905-839-0893
HARRIS	415-382-5000
HITACHI AMERICA	770-446-8820
INTECOM	800-468-3945
INTERACTIVE INTELLIGENCE	317-872-3000
INVADE	+44-171-575-0048
IWATSU AMERICA	201-935-8580
LUCENT TECHNOLOGIES	800-247-7000
MITEL	703-318-7020
MULTILINK	978-691-2100
NEC AMERICA	800-TEAM-NEC
NEXUS TELECOM	+44-1865-847400
NICE SYSTEMS	425-869-1963
NITSUKO AMERICA	203-926-5400
NORTEL	800-4-NORTEL
ROCKWELL ELECTRONIC COMMERCE	630-227-8000
SIEMENS BUSINESS COMMUNICATION SYSTEMS	800-765-6123
SPECIALIZED RESOURCES	972-664-6600
TADIRAN TELECOMMUNICATIONS	813-523-0000
TELOQUENT COMMUNICATIONS	978-663-7570
TELRAD TELECOMMUNICATIONS	516-921-8300
VODAVI	800-843-4863
VOICE TECHNOLOGIES GROUP	716-689-6700

INDUSTRY INSIGHTS:

WALL STREET JOURNAL (8 APRIL 1998)

DILLARD'S IS MEETING WITH MINORITIES TO TALK DIVERSITY

Kansas City, MO. – **Dillard's Inc.**, after more than a decade of virtual silence about allegations of racial bias, is now talking about diversity.

Facing an angry response from local politicians and community leaders following accusations that it disproportionately targets blacks as shoplifters, the department-store chain is meeting with religious and civil-rights groups here. The goal, says Dillard's, is to combat a perception that its stores don't welcome minority customers.

"That perception is real, and a real perception is a valid perception because it's in the mind of the customer," says one Dillard's executive who didn't want his name used. Adds James E. Darr Jr., who recently retired as Dillard's general counsel but is involved in the discussions: "If in some instances we've been insensitive, we want to make adjustments to correct that."

That kind of talk is an about-face for the chain, which has a longstanding tradition of reclusiveness about practically everything. Though the company's shares are listed on the New York Stock Exchange, the Dillard family, headed by company founder and Chief Executive Officer William Dillard, controls 99% of a special class of stock that elects two-thirds of the board. The company, which has about 44,000 workers, doesn't disclose how many minorities it employs...

--Amy Burns

CATALOG AGE (15 April, 1998)

SPIEGEL DEBUTS *ONVIEW*- FIRST IN A SERIES OF SPECIALTY BOOKS

In an effort to breathe life into its sagging sales, general merchant **Spiegel** recently launched apparel and home furnishings catalog *OnView Spiegel*, the first in a series of private-label specialty books.

The niche book, which offers such house brands as Together, Moda Spiegel, and the new line Blushe by Spiegel, comes on the heels of a restructuring at the Downer's Grove, Illinois-based catalog giant. Aiming to transform itself into a money maker, Spiegel has assigned three distinct teams to oversee its core "big book," *OnView*, and another private label book, *Elements Exclusively Spiegel*, scheduled to launch this fall. Each team, which includes marketing and advertising staff, is charged with each book's success. All three teams operate within the Spiegel catalog division.

For fiscal 1997, Spiegel reported a net loss of \$33 million, more than twice the previous year's loss of \$13.4 million. The Spiegel catalog's "difficulties were the single most significant factor in our company's performance," CFO James Sievers admitted in a statement. Sales among the

entire Spiegel Group catalog division, which includes Eddie Bauer and Newport News as well as the namesake catalog, have been in steady decline, with 1997 sales of \$1.48 billion, down from \$1.62 billion in 1996...

---Amy Burns

WALL STREET JOURNAL (3 APRIL 1998) ELECTRONICS RETAILER'S PROFIT SOARED IN FOURTH QUARTER

Best Buy Co., Eden Prairie, MN., said profit soared to \$64 million in its fourth quarter ended Feb. 28. The profit amounted to \$1.29 a diluted share, ahead of Wall Street forecasts of \$1.27. The electronics-superstore operator cited efficiency improvements and a strong economy for the jump from its year-earlier profit of \$8.5 million, or 20 cents a diluted share. Revenue was \$2.85 billion, up 21% from a year earlier. The company operated 13 more stores in the recent quarter compared with a year ago. Sales in stores open at least a year rose 16.9%. Shares in Best Buy, which rose 7% Wednesday, fell 1.7%, or \$1.1875 to \$70.3125 in composite New York Stock Exchange trading yesterday.

--Amy Burns

NOTES... .NEWS... .NONSENSE:

At a recent computer expo (COMDEX), Bill Gates reportedly compared the computer industry with the auto industry and stated "If GM had kept up with technology like the computer industry has, we would all be driving Twenty-five dollar cars that got 1000 miles per gallon."

Recently General Motors addressed this comment by releasing the statement "Yes, but would you want your car to crash twice a day?"

1. Every time they repainted the lines on the road you would have to buy a new car.
2. Occasionally your car would die on the freeway for no reason, and you would just accept this, restart and drive on.
3. Occasionally, executing a maneuver would cause your car to stop and fail and you would have to re-install the engine. For some strange reason, you would accept this too.
4. You could only have one person in the car at a time, unless you bought Car95" or "CarNT". But then you would have to buy more seats.
5. Macintosh would make a car that was powered by the sun, was reliable, five times as fast, twice as easy to drive, but would only run on five percent of the roads.
6. The Macintosh car owners would get expensive Microsoft upgrades to their cars, which would make their cars run much slower.

7. The oil, gas and alternator warning lights would be replaced by a single "general car default" warning light.
8. New seats would force everyone to have the same size butt.
9. The airbag system would say "are you sure?" before going off.
10. If you were involved in a crash, you would have no idea what happened.
11. If you tried to get your car to a mechanic, you'd make a long distance call, be put on hold for three or four hours, when you finally got the mechanic, you'd be told how to fix it yourself, and the mechanic would hang up before you even tried his or her suggestions.
12. Your car's owner's manual would have been written by someone for whom English clearly was a second language.

--*Mark Messinger*



REMEMBER WHEN....

A COMPUTER WAS SOMETHING ON TV
 FROM A SCIENCE FICTION SHOW
 A WINDOW WAS SOMETHING YOU HATED TO CLEAN
 AND RAM WAS THE COUSIN OF A GOAT

MEG WAS THE NAME OF MY GIRLFRIEND
 AND GIG WAS SOMETHING YOU DID ON STAGE FOR MONEY
 NOW THEY ALL MEAN DIFFERENT THINGS
 AND THAT REALLY MEGA BYTES

AN APPLICATION WAS FOR EMPLOYMENT
 A PROGRAM WAS A TV SHOW
 A CURSOR USED PROFANITY
 A KEYBOARD WAS A PIANO

MEMORY WAS SOMETHING THAT YOU LOST WITH AGE
 A CD WAS A BANK ACCOUNT
 AND IF YOU HAD A 3 1/2" FLOPPY
 YOU HOPED NOBODY FOUND OUT

COMPRESS WAS SOMETHING YOU DID TO THE GARBAGE
 NOT SOMETHING YOU DID TO A FILE
 AND IF YOU UNZIPPED ANYTHING IN PUBLIC
 YOU'D BE IN JAIL FOR A WHILE

LOG ON WAS ADDING WOOD TO THE FIRE
 HARD DRIVE WAS A LONG TRIP ON THE ROAD
 A MOUSE PAD WAS WHERE A MOUSE LIVED
 AND A BACKUP HAPPENED TO YOUR COMMODORE

CUT YOU DID WITH A POCKET KNIFE
PASTE YOU DID WITH GLUE
A WEB WAS A SPIDER'S HOME
AND A VIRUS WAS THE FLU

I GUESS I'LL STICK TO MY PAD AND PAPER
AND THE MEMORY IN MY HEAD
I HEAR NOBODY'S BEEN KILLED IN A COMPUTER CRASH
BUT WHEN IT HAPPENS THEY WISH THEY WERE DEAD
-Author unknown

--*Debi Hamrick*

Finding Creative Solutions

The reasonable man adapts himself to the world. The unreasonable man persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man.

--George Bernard Shaw

We are solution finders. Yet our rapid-fire schedules sometimes make it difficult to sit down and do creative thinking. As we plan projects, schedule in *innovation* time - time to process the input and insights that have been accumulated and discover new solutions. This actually takes discipline since we tend to be so action oriented, we want to jump into starting to plan implementation right away. Set aside time, individually and as a group, to ponder, brainstorm, generate alternatives, and explore possibilities.

Here are some ideas for stimulating creative thinking:

- Use the SCAMPER process: (from *The Manager's Toolkit* by Cy Charney)
 - S**ubstitute. Use similar elements to accomplish tasks differently (e.g., plastic for metal, electronic for paper, employee for manager)
 - C**ombine. Bring together distinctly different items to produce synergistic outcomes (e.g., helium and engine to make a blimp)
 - A**dopt, add or adjust. (e.g., two blades to make a twin-blade shaving system)
 - M**odify, magnify, or minimize (e.g., compact discs)
 - P**ut pieces to other uses. (e.g., newspaper for packing)
 - E**liminate unnecessary elements. (e.g., reduce packaging costs by having refills)
 - R**everse or rearrange items (e.g., a knife can become a chopper)
- Use brainteasers to build creative muscle. (e.g., What can you do with a thousand paper clips?)
- Seek solutions outside of your area of business. Get input from someone not from another field. Change your focus by spending time in nature, reading a magazine, seeing a play, listening to music.
- Leave a flipchart around and encourage people to diagram, write down ideas, and doodle.
- Unlock your thinking by questioning assumptions, reframing, using imagery, and asking the W questions (why, who, when, where, what, why not...)

- Avoid prematurely dismissing ideas. Play with them for while.
- Reward yourself for being innovative!

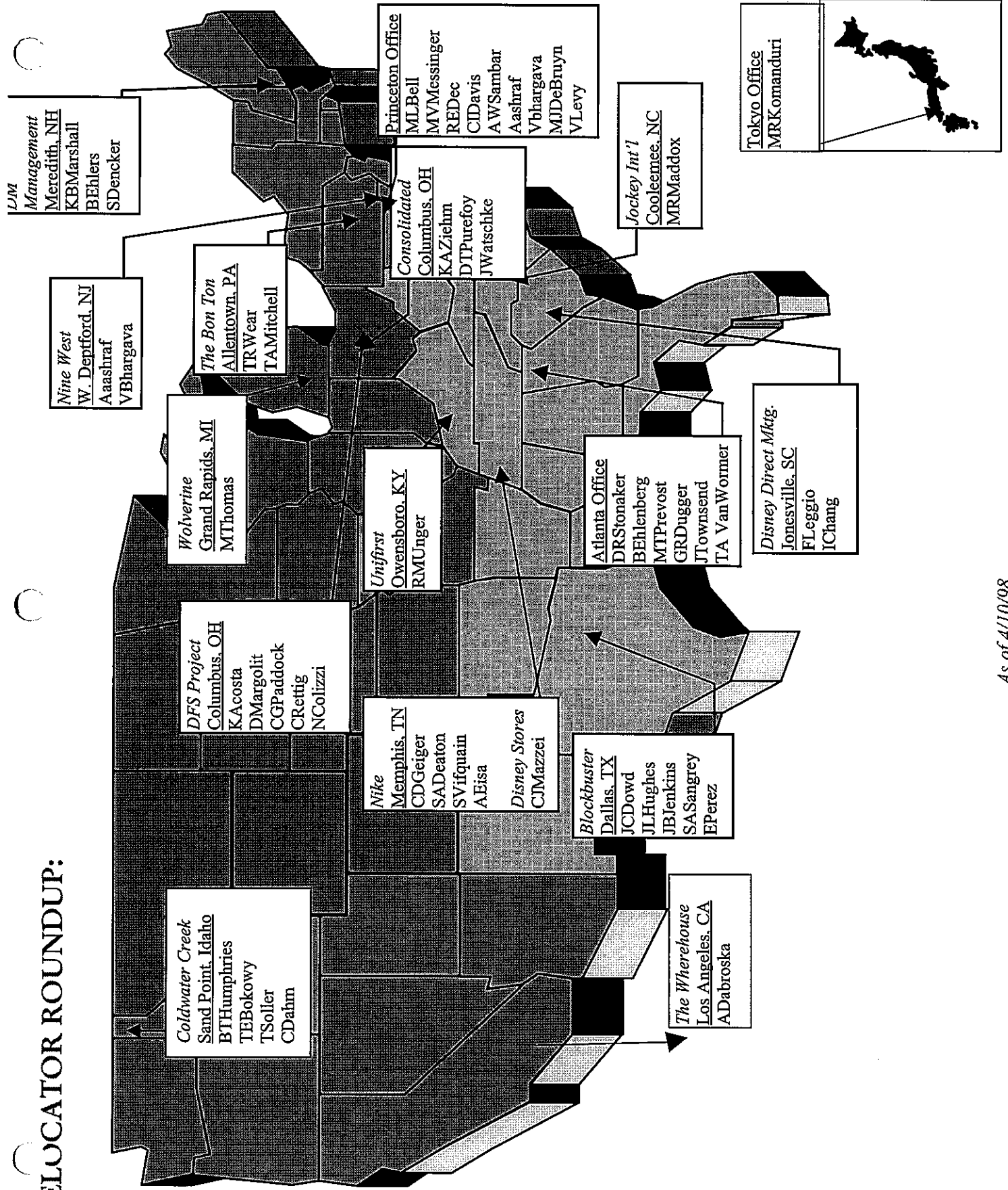
--Pam Beckerman

Happy Birthday to:



Rich Dec 4/16

RELOCATOR ROUNDUP:



the HOTSHEET

vol. 7 no. 30

April 3, 1998

Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“...to speak and to speak well, are two things. A fool may talk, but a wise man speaks.”

*---Ben Jonson, 17th Century
English Poet and Playwright*

PUBLISHER'S NOTE:

HE-E-E-L-L-L-0-0 HOTSHEET!

Hello fellow KSAers! I am pleased to be taking the reigns of the Hotsheet over from Sharon Anderson. Thanks Sharon for all your advise on how to create a successful newsletter. I am looking forward to working with Leanne and using my “creative brain cells” to keep everyone up-to-date on the latest Logistics happenings at KSA.

As Sharon has so eloquently expressed in the past, “No Input...No Output!” I need your thoughts, ideas, suggestions, comments, feedback, criticism, praise, and, most of all, your information about what is happening in the field. Please forward all Hotsheet submissions to me no later than 5pm on Wednesday to make the deadline for each Friday's newsletter.

I plan to revive a few ghosts from the archives of Hotsheet History. Beware consultants! The Consultant Spotlight and Geek of the Week are coming back to life. Also, look for some new categories to hit the Hotsheet in the upcoming year. This is the perfect opportunity for all you “creative souls” to send me ideas on new topics you would like to see covered in the Hotsheet.

Thanks for the warm welcome. Now, let's find out what's happening this week at KSA...

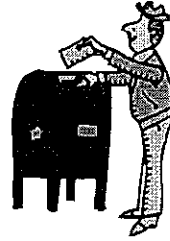
---Amy Burns

EDITOR'S NOTE:

Welcome Amy! I look forward to working with you. Keep those additions to the Hotsheet headed Amy's way everyone!

---Leanne Smullen

PROJECT POSTCARDS:



CONTROL PLUS UPDATE

Version 9.0

The newest version of Control Plus has successfully completed the first week of its Beta test at Unifirst. Denise Trostle and Barbara Byrnes were on-site to verify that the first installation was flawless. The new version allows Control Plus to be run on Windows 95 and Windows NT. The new version has the same screens, database, and reports as version 8.3. The only difference is its capability to run in a Windows environment. Denise, Barbara, and Stacy Bush have spent a lot of time developing and testing the new software, and it has passed all of our internal tests with flying colors (it's doing well at Unifirst).

The next goal is to find an existing Base Plus[®] implementation to perform additional testing. We are looking for clients who operate in a Windows 95 or NT environment who would be willing to install the new software before we continue the roll-out to the rest of our clients. We need a white collar implementation, a traditional DC implementation, and an implementation which has an interface with Kronos or another timeclock system. Ideally, we want to test the system at a client site where we can verify that all of the performance calculations (individual, group, reflective, and multi-level) are working properly. For the Beta sites, it's an opportunity to have the professionals (Denise and/or Barbara) on-site to help with the implementation. If you have a client who meets these requirements and might be interested, please voicemail or e-mail one of us.

Control Plus 32

We are currently in the systems requirements definition for the next version of Control Plus. The new package is going to be designed with new screens, added functionality, additional reporting capabilities, and some of the same familiar functionality we have come to love. Bill Cobb, Mike Jenkins, Denise Trostle, Barbara Byrnes, Stacy Bush, Troy Van Wormer, and I are working on identifying the baseline functionality. After we've made our first cut at the requirements, we will be sending them to everyone in Logistics for feedback. After receiving your feedback, our next step will be the functional design. We are shooting for a release date in mid-2000. We'll keep everyone posted on our progress.

---Mike Gregory

INDUSTRY INSIGHTS:

COSTA MESA, CA (BUSINESS WIRE)

OPTUM SOFTWARE, METASYS AGREE TO MERGE

Optum Software and Metasys Inc. today announced an agreement to merge. The combined company, to be known as OPTUM Software, created the first strategic supply chain execution product portfolio, positioning the company for leadership in one of the fastest growing software markets.

The suite provides a universal view of all distribution and transportation activities across single- and multi-enterprise supply chains. The software allows companies to address customer service requirements, shorten order cycle times and optimize supply chain resources.

The newly formed company will focus on manufacturing, distribution and third-party logistics providers in the automotive, electronics and high technology, and consumer and industrial products industries.

-Tom Clement

Catalog Age (April 1, 1998)

Lillian Vernon digs gardeners

In early March, the \$240 million general merchandise cataloger **Lillian Vernon** introduced its ninth title, Lillian Vernon Gardening. The catalog, which sells decorative and functional gardening products, mailed to an undisclosed number of consumers, 75% of whom were house file names. The remaining names were rented from gardening magazines and catalogs. Half of the 250 products featured in the Gardening catalog are new to Lillian Vernon, says David Hochberg, vice president of public affairs; the others are pickups from the core book.

The company saw a gardening book as a way to increase sales during relatively slow quarters. (Lillian Vernon does most of its business from October through December). "Gardening products have always done well in our core catalog," Hochberg says, "and we believe that there's an increasing demand for these types of products as gardening becomes more popular."

Mail order gardening sales account for a mere 10% of the \$22.2 billion market, according to the National Gardening Association. But even though the gardening market has been growing steadily over the past several years, some observers question whether the industry can support another "general interest" gardening products catalog. "Although there is room for growth in the market," says Jim Zuckerman, president of list firm Zed Marketing Group, which manages several horticultural lists, "I'm just not sure it's today or tomorrow. Those catalogs that do well are in the very specialized niches determined by geographic location or unique products."

---Amy Burns

NOTES... .NEWS... .NONSENSE:



Computer Technology

Computer power is now 8,000 times less expensive than it was 30 years ago.

Randall Tobias, former Vice Chairman of AT&T, offers this comparison to explain the astounding rate of advancement in computerization:

"If we had similar progress in the automotive technology, today you could buy a Lexus for about \$2. It would travel at the speed of sound, and go about 600 miles on a thimble of gas."

John Naisbitt, Global Paradox

--Amy Burns

On Being Courageous

I was leafing through the *Successful Manager's Handbook*, published by Personnel Decisions International, and came across a section called *Lead Courageously*. Here are some suggestions it offered for taking actions that advance your beliefs:

- Identify your most deeply held convictions. Use these convictions to guide your behavior. When facing a dilemma, examine it against your values. This will give you direction.
- Believe that you have the power to make a difference and accept the responsibility for trying. Set goals for solving problems. Bring alternative solutions when raising concerns.
- Confront tough issues. With respect and concern, address barriers and difficulties. Attack problems not people. Follow through to completion with persistence.
- Use simple, clear language when communicating your decisions and their rationale.
- Take calculated risks. Ask yourself, "What is the worst thing that could happen?" and then decide if proceeding is worth the risk.
- Listen carefully to the viewpoints others and acknowledge them when you act.
- Identify people whose courage you admire. Talk with them and ask them how they act on their convictions. Incorporate some of their strategies.

--Pam Beckerman

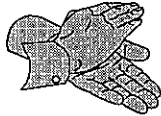
TRY A LITTLE KINDNESS...

She smiled at a sorrowful stranger.
The smile seemed to make him feel better.
He remembered past kindness' of a friend
And wrote him a thank you letter.
The friend was so pleased with the thank you
That he left a large tip after lunch.
The waitress, surprised by the size of the tip,
Bet the whole thing on a hunch.
The next day she picked up her winnings,
And gave part to a man on the street.
The man on the street was grateful;
For two days he'd had nothing to eat.
After he finished his dinner,
He left for his small dingy room.

(He didn't know at that moment
that he might be facing his doom.)
On the way he picked up a shivering puppy
And took him home to get warm.
The puppy was very grateful
To be in out of the storm.
That night the house caught on fire.
The puppy barked the alarm.
He barked till he woke the whole household
And saved everybody from harm.
One of the boys that he rescued
Grew up to be President.
All this because of a simple smile
That hadn't cost a cent.

Anonymous
--*Nicole Jones*

Happy KSA Anniversary to:



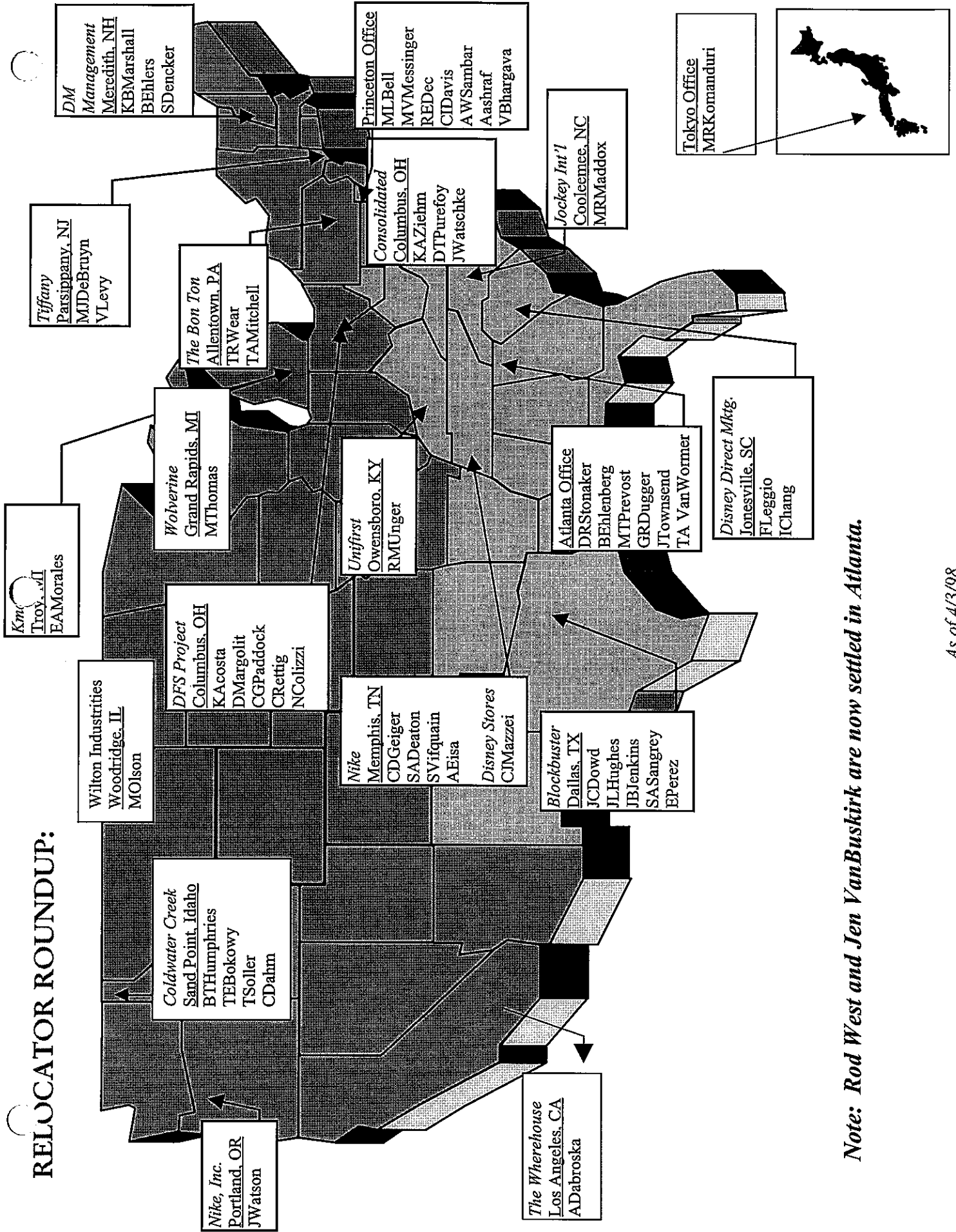
Michael Barnes 4/3/95

Sharon Gavron 4/5/93

Rick Wolfe 4/6/81

Barbara Byrnes 4/8/85

RELOCATOR ROUNDUP:



Note: Rod West and Jen VanBuskirk are now settled in Atlanta.

the HOTSHEET

vol. 7 no. 29

March 27, 1998

Publisher: Sharon Anderson

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

Everyone has a photographic memory. Some just don't have film.

---Anonymous

PUBLISHER'S NOTE:



FAREWELL TO THE HOTSHEET!

This is my last issue. It was an enjoyable time of magnificent confusion and deadly deadlines. I got to know a lot of KSAers I've yet to meet. Your sense of humor showed through in your Hotsheet submissions. Some of it got me in trouble!

You have a gem in Leanne. Even though you have her scattered to the winds with "duties as assigned," she always made time to help me edit the Hotsheet. Thanks much Leanne, I'll miss working with you.

---Sharon Anderson

EDITOR'S NOTE:

The time has come to say goodbye to Sharon Anderson as Publisher of our Hotsheet. She's moved up to the big time, working for Dave Cole, and has graciously continued publishing the Hotsheet each week while Amy Burns has settled in as our newest Logistics AA. Sharon has done a terrific job each week, and has been especially adept at getting relocators to contribute Project Postcards without much arm-twisting. It must be her "no-nonsense" image that keeps everyone submitting stories! Sharon, I will miss having you as our publisher, and I wish you the best in the front office. Thanks for all of your help!

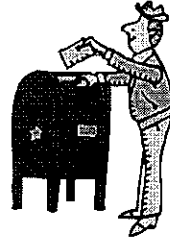
Taking the reins from Sharon is Amy Burns, who began her career at KSA on March 9th. Amy came to us from the hospitality industry and has had prior experience in the travel industry as well. She is originally from Tennessee, and as a University of Tennessee, Knoxville graduate, she joins the ranks of KSA's die-hard college football fans.

Amy attended the University of Tennessee on a journalism scholarship, but early in the program realized there are very few journalists who make real money, so she switched over to another program, and graduated in 1994 with a BS in Economics. Amy has been married to her husband Michael since 1989. They live in Vinings and have two Schnauzers, Clinton and Peyton. Amy's hobbies include tennis, volleyball, hiking and gourmet cooking (& dining).

Please say Hi to Amy next time you're in the Atlanta Office, and each time you have a Project Postcard, Industry Insight, Geek of the Week nomination or anything else that might be of interest to Logistics folks, please e-mail them to Amy. Welcome, Amy -- I look forward to working with you.

---Leanne Smullen

PROJECT POSTCARDS:



CASE STUDY – KING'S SUPERMARKET

The Client:

A regional New Jersey Supermarket chain, well known for the quality and freshness of its perishable products and its focused customer loyalty program, its primary marketing strategy.

The Situation:

Many of the chain's supply channels had "evolved" over time and were not based on industry best practices to order, receive, and manage inventory. Each store averaged over 200 deliveries per week from over 100 suppliers, the DSD system was over 10 years old with unsupported hardware and software, a proprietary EDI system was used with only 3 suppliers, ordering and replenishment was totally a manual process performed by store personnel or suppliers.

As a result, the chain incurred heavy logistics and in-store labor costs with low inventory turns, invoice discrepancies that had a negative impact on the gross margin. The client deemed ECR a feasible solution with multiple integrated strategies that addressed supply channels, logistics and information technology.

The Strategy:

- Conducted a Supply Channel Assessment project to define future initiatives necessary for the company to achieve its ECR goals by the year 2000.
- Conducted an Activity Based Costing project that focused on cross-docking DSD deliveries through perishable and non-perishable consolidators.
- Consolidated supply channel deliveries which reduced overall supply channel costs through partnering with their suppliers. Combining less-than-truckload orders from multiple suppliers into full truckloads improves the efficiency and effectiveness of both the company and its suppliers.
- Evaluated EDI alternatives and assisted client with negotiating an outsourcing contract for EDI services.
- Replaced the existing DSD system that could no longer be supported.
- Developed ECR Business Strategy. This 5-year business strategy defined 8 major initiatives, associated costs, benefits, and change management issues. ECR initiatives included:
 - DSD Electronic Receiving & Ordering
 - EDI Outsourcing
 - Consolidate Supply Channel Deliveries
 - Establish Reliable Perpetual Inventory
 - Information Technology Strategy & Architecture

- Computer Assisted Ordering
- Category Management
- Continuous Replenishment

The Results:

Consolidate Supply Channel Deliveries - Combining less-than-truckload orders from multiple suppliers into full truckloads improves the efficiency and effectiveness of both the company and its suppliers.

DSD Electron Receiving & Ordering - This project will reduce invoice discrepancies, improve trading partner relationships, eliminate needless transaction documentation and other non-value added services and will provide a common system for receiving and ordering for almost all departments.

EDI Outsourcing - Sending and receiving electronic invoices and purchase orders will eliminate 90% of the discrepancies that are present in the current system. Allowance and price maintenance files can easily be reconciled eliminating the greatest source of invoice discrepancies. Additionally, Advance Shipping Notices greatly enhance cross-docking and receiving functions.

---Dennis Blankenship

INDUSTRY INSIGHTS:

***L**ast week, we placed an announcement about Williams-Sonoma in the Hotsheet. Karl and I forgot to mention Scott Daughdril as having worked on the project, because he was involved at the very beginning, but not the end (not that that is an excuse!). We want to rerun the first few paragraphs of the story and add an Editor's note that reads:*

SAN FRANCISCO (BUSINESS WIRE)

WILLIAMS-SONOMA, INC. SELECTS OKLAHOMA CITY AS SITE FOR NEW CALL CENTER

KSA's **Todd Barr, Karl Swensen, Scott Daughdril** and **Leanne Smullen** have worked with **Williams-Sonoma** over the past year in call center strategy and call center site selection projects. The KSA team is pleased with William-Sonoma's decision!

Editor's note: Our apologies for forgetting Scott's name last week. Scott was an integral piece of the Williams-Sonoma strategy project, building a strong relationship with the Williams-Sonoma management team and providing important research and analysis for the project.

Williams-Sonoma, Inc. today announced that the company has selected Oklahoma City as the site for a new call center. Scheduled to open in late August, the new facility will assume responsibility for the catalog operations that last month were moved from Williams-Sonoma's San Francisco headquarters to accommodate the company's rapid growth and expansion.

The new facility, which will be similar in size to one opened in Las Vegas in 1996, will create approximately 200 positions in telephone sales and customer service functions. An additional 600 seasonal jobs will be created during the busy holiday period.

"Oklahoma City provides an ideal business climate for the catalog industry," said Pat Connolly, executive vice president and general manager for the catalog division of Williams-Sonoma. "The city offers excellent programs to assist companies coming to the area. These include assistance in hiring new employees and the development of training programs customized to our needs." He also noted that operating from the Central Time zone would compliment the company's West Coast facility.

Williams-Sonoma evaluated the city's quality of life, costs of living, housing market and educational opportunities in selecting the Oklahoma City site -- all factors geared toward attracting a high-quality workforce. Oklahoma City was selected from an initial list of 15 cities surveyed by **Kurt Salmon Associates** of Atlanta, a consulting firm that specializes in the catalog industry.

---Leanne Smullen

THE WALL STREET JOURNAL 3/25/98

FACING SUPERSTORE SATURATION, WAL-MART THINKS SMALL

Get ready for Small-Marts. Now that most of the country is covered with its giant discount outlets, Wal-Mart Stores Inc. is preparing to test the appeal of much smaller stores that could compete with convenience stores and traditional supermarkets.

The company plans to open stores of 450,000 square feet by this fall in the Arkansas towns of Springdale and Sherwood and in Bentonville, where the giant discounter is based. The units would be less than half the size of Wal-Mart's current stores, which average roughly 92,000 square feet.

In building smaller stores, Wal-Mart is also acknowledging that giant stores require a commitment of time and energy that shoppers don't always have. "We lose a lot of customers because the supercenter is too busy and not convenient," says Wal-Mart Senior VP, Jay Fitzsimmons. "Where we're losing sales is to the grocery stores" and other small stores.

---Sharon Anderson

APPAREL INDUSTRY EXECUTIVE NEWSWIRE 3/23/98

WOOLWORTH'S DEAL

In addition to new strategies reported in *AIM's* March private label story, the **Woolworth Corp.** has formed a strategic alliance with **Champion Products**, a division of **Sara Lee Corp.**, whereby Champion has granted Woolworth exclusive licensing rights for athletic footwear. Woolworth will design, manufacture and retail five categories of athletic shoes -- running, basketball, tennis, cross training and football -- under the Champion brand name. The Champion footwear collection will be available exclusively at **FootLocker** and **Champs Sports** for back-to-school '98. By partnering with Woolworth Corp., Champion athletic shoes will have instant nationwide distribution at both FootLocker and Champs Sports, and Champion branded

apparel will re-enter these key retail destinations,” said Michael Flatow, president of Champion Products.

---*Sharon Anderson*

CONSULTANT NEWS, MARCH, 98

E&Y & KPMG CALL THE WHOLE THING OFF

Just months after their merger announcement (CN Nov.'97) E&Y and KPMG call off the wedding, publicity citing issues with worldwide regulators. Both firms also acknowledged the difficulties and costs involved to mesh the two firm cultures, and “potentially considerable disruption to client service” while the merger was going on. An unnamed PW partner was not surprised to hear that E&Y and KPMG called off the wedding – “we did not think it had the legs to make it.” Despite the obvious embarrassment in their sudden reversal, analysts and industry officials believed it would have been much more costly and humiliating if the firms didn’t back down. Meanwhile, PW and C&L haven’t budged from their position, saying they expect their merger to take place.

---*Sharon Anderson*

KSA MAKES HEADLINES!

Stores Magazine, “Internet Food Retailers Face Tough Picking, Delivery Issues”, March 1998: Internet-based grocery providers are finding increasing popularity these days...then comes the hard part. KSA’s Mohsen Moazami poses challenges about cost efficiencies.

Barron’s, “Too, Too Much!”, March 9, 1998: Relentless consumerism has left many Americans with a glut of goods and a dearth of time. Americans increasingly want “feel-goods” – cruises, makeovers, golf lessons and the biggest luxury of all, free time. KSA’s Annual Consumer OutlookSM ‘98 makes the cover story.

Wall Street Journal, “A Designer Overhauls a Troubled ‘Bridge’ Line”, March 9, 1998: KSA’s Phil Kowalczyk explains strategies and price structure of bridge apparel.

Atlanta Journal and Constitution, “The Grocery Wars”, March 9, 1998: In addition to ready-to-eat meals, supermarkets will package the ingredients of the meal in varying serving sizes for shoppers who want to cook it themselves, explains KSA’s Jim Horton.

---*Beth Souther*

**NOTES... .NEWS... .NONSENSE:
HOW TO IDENTIFY IF YOUR COW HAS MADCOW DISEASE ...**



If your cow sounds like this, then
fire up the barbecue.



(Double Click)




If your cow sounds like this, then
May we suggest the fish.





(Double Click)

---Mike Jenkins


**ACTUAL ANSWERING MACHINE ANSWERS RECORDED AND VERIFIED BY THE
WORLD FAMOUS INTERNATIONAL INSTITUTE OF ANSWERING MACHINE
ANSWERS.**


 A is for academics, B is for beer. One of those reasons is why we're not here. So leave a message.

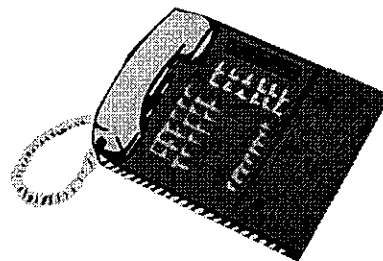
 Hi. This is John: If you are the phone company, I already sent the money. If you are my parents, please send money. If you are my financial aid institution, you didn't lend me enough money. If you are my friends, you owe me money. If you are a female, don't worry, I have plenty of money.

 "Hi. Now you say something."

 "Hello. I am David's answering machine. What are you?"

 "Hi! John's answering machine is broken. This is his refrigerator. Please speak very slowly, and I'll stick your message to myself with one of these magnets."

 "Hello, you are talking to a machine. I am capable of receiving messages. My owners do not need siding, windows, or a hot tub, and their carpets are clean. They give to charity through



their office and do not need their picture taken. If you're still with me, leave your name and number and they will get back to you."

☎ "This is not an answering machine - this is a telepathic thought-recording device. After the tone, think about your name, your reason for calling, and a number where I can reach you, and I'll think about returning your call."

☎ "Hi. I am probably home, I'm just avoiding someone I don't like. Leave me a message, and if I don't call back, it's you."

☎ "Hi, this is George. I'm sorry I can't answer the phone right now. Leave a message, and then wait by your phone until I call you back."

☎ "If you are a burglar, then we're at home cleaning our weapons and can't come to the phone. Otherwise, we probably aren't home and it's safe to leave us a message."

☎ "You're growing tired. Your eyelids are getting heavy. You feel very sleepy now. You are gradually losing your willpower and your ability to resist suggestions. When you hear the tone you will feel helplessly compelled to leave your name, number, and a message."

☎ Please leave a message. However, you have the right to remain silent. Everything you say will be recorded and will be used by us.

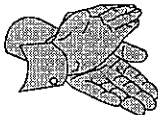
---Pam Beckerman

Happy Birthday to:



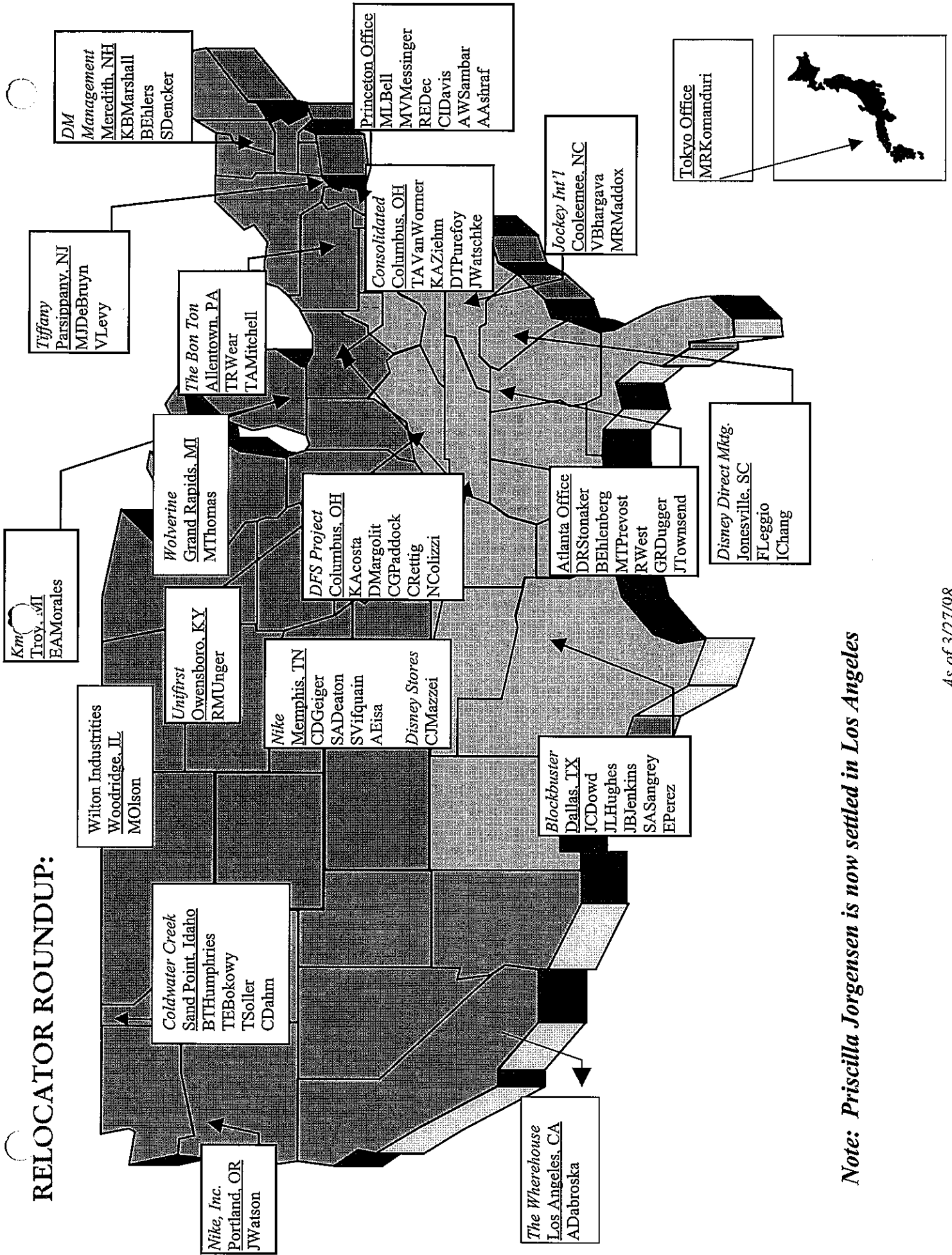
Rick Wolfe 3/27

Happy KSA Anniversary to:



Brad Humphries 4/1/94

RELOCATOR ROUNDUP:



Note: Priscilla Jorgensen is now settled in Los Angeles

As of 3/27/98

the HOT SHEET

vol. 7 no. 28

March 20, 1998

Publisher: Sharon Anderson

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“Your legacy should be that you made it better than it was when you got it,”

---Lee Iacocca, Chairman & CEO Chrysler Corp.

PROJECT POSTCARDS:

GREETINGS FROM THE CARHARTT PROJECT

The Carhartt and KSA team has now welcomed two new members, H & M Construction and Storage Concepts, to the project. H & M is the general contractor and Storage Concepts is the local Raymond distributor. For those of you who have not been working closely with the project, (and I know that's most of you), here is a brief catch-up on the project. Carhartt will build a new 360,000 square foot distribution center in Madisonville, KY. For those sick folks who are wondering, where the heck is Madisonville?" – it's about one hour south of the booming metropolis Evansville, IN.

Carhartt's new DC will be using the Raymond 589 SRT in its 180,000 square foot reserve storage area. A+ start up in 1999. There will be eight cranes operating in 21 aisles and in year 2002, 14 cranes in 34 aisles. We are currently reviewing bid responses from rack, lift-trucks, work platform, and conveyor vendors. The new DC is expected to be fully operational in spring of 1999.

---Brian Ehlenberg, Karl Swensen

CASE STUDY

THE CLIENT: PIER 1 IMPORTS

America's largest specialty retailer of home furnishings and decorative accessories, well known for moderately priced, unique merchandise from around the world.

The Situation:

The company had experienced strong growth, it's revenue and number of stores had doubled in just over seven years. Along with this growth, the company's information technology needs had also increased, as users required more sophisticated analysis and timely access to business information.

Although the company grew aggressively, the size, structure, and operations of it's IS organization did not. The same staff that supported the needs of a 300-400 store chain was now supporting the needs of a retailer with more than 700 stores worldwide. As result, the IS staff spent most of their time "fighting fires" and did not have sufficient resources to implement new applications or satisfy new business needs on a timely basis. For example, two major software applications were running over one year late in implementation.

Additionally, due to the "reactive" nature of the IS environment, little emphasis was placed on methodologies or training. There were no formal procedures for planning and allocating IS resources, staff utilization was based on the "squeaky wheel" principle rather than the overall needs of the business. There were no standard project management practices or guidelines. Each project was planned and managed based on an individual project manager's style, resulting in inconsistent handling of problems/issues/changes and varying degrees of management status reporting. Training was administered on an "as needed" basis, when time allowed.

Project requests far exceeded available resources and sometimes took several months or years before IS could begin work. Overall, the users were dissatisfied with IS support, and in some cases, departments hired their own programmers or purchased stand-alone applications rather than wait for IS resources. Communication between IS and the rest of the business was severely lacking. Many users felt that IS did not understand the needs of the business and questioned if IS could satisfy the increasingly complex needs of the business.

The Strategy:

Conduct a comprehensive Information Technology Assessment, including technology, applications, organization, practices, and user needs with respect to current and future business directions. The overall objective of the project was to define an Information Systems Strategy that:

- Aligns consistently with Pier 1 Imports, Inc.'s business objectives
- Provides a clear information system vision and road-map for the future to support achievement of business objectives
- Identifies immediate short-term opportunities
- Anticipates future change, opportunities, and possible challenges
- Achieves organizational commitment and consensus on priorities and directions
- Establishes information systems goals and facilitates performance monitoring

To meet these overall objectives, the project had to accomplish the following:

- Identify and document key strategic business directions and needs to provide conceptual alignment with the systems and technology strategies assessed and pursued.
- Benchmark, through both internal and external assessments, the components of the existing systems environment against retail industry best practices:
- Assess the current and future application needs against current, state-of-the-art systems.
- Assess data needs within and across functional areas.
- Assess existing technical architecture choices against technology trends and realistic options.
- Assess IS functional skills and capacity against the needs presented by likely strategic directions.
- Identify and document the short-term systems, operations, organizational, or strategic opportunities for quick wins.
- Identify the applications, database, technology, and IS organization architectures that will provide Pier 1 Imports, Inc. with long-term effectiveness.
- Obtain company-wide commitment by involving key organizational areas and personnel in the process.
- Develop an implementation strategy, which provides a migration plan from the current state to the desired state in the areas of applications, technology, communications, and personnel.

The Results:

- Shifted IS resources towards projects with the greatest overall benefits and which support the company's business priorities.
- Increased user satisfaction and strengthened working relationships between IS and the business units.
- Created an IS Steering Committee comprised of the CIO and each of the business unit Senior Vice Presidents to help direct IS resources towards near and long-term needs of the business. The Steering Committee was given responsibility for approving major IS projects.
- Reorganized IS organization to create alignment with the business units (e.g. Merchandising, Logistics, Finance, etc.) ...each business unit was assigned a "go to" manager with responsibility to understand and satisfy the needs of a particular business unit. Each of these IS Managers reported to both an IS Director as well as a business unit Vice President and were considered part of the "extended" business unit team.
- Increased IS operating budget to move within industry average.
- Recruited additional technical and management skills to IS staff.
- Documented tactical business priorities and application needs for each of the business units.
- Developed a modeling tool to compare prospective projects for quantitative (e.g. ROI) and qualitative (e.g. competitive advantage) benefits.
- Conducted IS staff skills inventory and developed individual training plans to update skill-base on new technologies and practices.
- Established IS project management and planning guidelines, including roles/responsibilities for IS as well as the business users.
- Implemented tools to enable consistent management of IS projects, including status reporting and handling of problems/issues/changes.

---Dennis Blankenship

INDUSTRY INSIGHTS:

SAN FRANCISCO (BUSINESS WIRE)

WILLIAMS-SONOMA, INC. SELECTS OKLAHOMA CITY AS SITE FOR NEW CALL CENTER

KSA's **Todd Barr**, **Karl Swensen** and **Leanne Smullen** have worked with **Williams-Sonoma** over the past year in a call center strategy project that led to this call center site selection. The KSA team is pleased with Williams-Sonoma's decision!

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Williams-Sonoma evaluated the city's quality of life, costs of living, housing market and educational opportunities in selecting the Oklahoma City site -- all factors geared toward attracting a high-quality workforce. Oklahoma City was selected from an initial list of 15 cities surveyed by **Kurt Salmon Associates** of Atlanta, a consulting firm that specializes in the catalog industry.

Working with local employment agencies, Williams Sonoma will begin hiring and training new employees prior to the completion of the facility. "As a result, we will be productive on the new call center's opening day," said Connolly.

Williams-Sonoma executives and Oklahoma State and city officials today will jointly celebrate the new call center with an official ceremony. In attendance will be Williams-Sonoma Chairman and CEO W. Howard Lester, Oklahoma Governor Frank Keating and Greater Oklahoma City Chamber of Commerce Chairman-Elect Steven E. Moore. "Williams-Sonoma is extremely impressed by the reception we have received and looks forward to a fruitful partnership with Oklahoma City," said Connolly.

Williams-Sonoma's Oklahoma City call center will occupy 35,000 square feet of the Silver Springs Crossing business park located at 7720 NW 86th. The company signed a lease with Tapp Companies on February 9, 1998. Until the new call center is opened, all catalog orders are being handled by the company's Las Vegas call center.

Williams-Sonoma's former San Francisco catalog operations were moved to the Las Vegas call center on an interim basis on January 15, 1998. The company's San Francisco call center was closed in order to accommodate the expansion needs of other corporate divisions. The space formerly occupied by the call center is being converted to house more than 100 new salaried positions, which will serve Williams-Sonoma's merchandising, product development, information systems and administrative functions.

Headquartered in San Francisco, Williams-Sonoma, Inc. is a nationwide specialty retailer of high quality kitchenware and other products for the home and garden. These products are marketed through 278 retail stores and five mail order catalogs representing five distinct merchandising strategies: Williams-Sonoma, Pottery Barn, Hold Everything, Gardeners Eden and Chambers.

---*Leanne Smullen*

APPAREL INDUSTRY EXECUTIVE NEWSWIRE 3/16/98

CONSOLIDATION TOPIC AT SEMINAR

“**F**unctioning in an era of consolidation ---what’s ahead” is the topic at the ninth annual **Herbert Blueweiss Key Issues Seminar** to be held March 24 at F.I.T. in New York. Four top industry panelists – Warren Flick, former president and COO, Kmart Corp; Ilal Upbin, president and CEO, Kellwood Co.; Mackey McDonald, president and CEO, VF Corp.; and Terry Lundgren, president and chief merchandising operator, Federated Stores – will explore the ramifications of the consolidation trend. To register, call (212) 217-7820.

---*Sharon Anderson*

SUPERMARKET NEWS, 3/9/98

SURVEY REVEALS PROGRESS IN ECR --- AND ROOM TO IMPROVE

A new survey, which asked supermarket industry companies to rate their own progress in implementing Efficient Consumer Response initiatives, indicates ECR has definitely taken root in the supermarket industry, though there is still significant room for growth.

Respondents, who included retailers, wholesalers and manufacturers, assessed their implementation level for 20 ECR programs on a scale ranging from zero—no activity—to four – an implemented program with measurable benefits. Ratings of three or higher indicated a “mature” program. For ECR programs conducted with a majority of a company’s trading partners, 34% of respondents were at a mature level.

The survey, conducted this past summer by **Kurt Salmon Associates** indicated two “large gaps” in technology that helps enable ECR, said Gary Capshaw, co-chair of the ECR operating committee. One is the area of efficient receiving, including ASNs, pallet and case labels and receiving optimization. Another is related to item maintenance within the Uniform Communications Standard II transaction sets.

---*Sharon Anderson*

FORTUNE, MARCH 30, 1998

FOUR REASONS NIKE'S NOT COOL

Who would have imagined it? After years on top, Nike suddenly looks like a world-class marathoner who, in mid-race, questions whether he's got what it takes to keep on running. Nike's symptoms of distress: a global glut of shoes, flat sales in key markets, and declining profits. Moreover, the global brand champ that captured its own winning corporate mindset with the "Just do it" ad slogan has a new pitch, "I can" -- to which investors seem to be retorting, "No, you can't." Losing faith, they have knocked Nike stock from its all-time high of \$76 about a year ago to a recent \$46. What happened? While Nike has tripped on fickle fashion trends and heightened competition before, its own main obstacle today appears to be its own success. Here's why:



Big-brand backlash. When he founded Nike in 1972, CEO Phil Knight contended that if "five cool guys" -- the best and most popular athletes -- wore his shoes, other people would want to as well. The strategy worked wonderfully, of course, and now Nike controls an outstanding 47% of the U.S. athletic-shoe market. But the brand has become too common to be cool. "I call it the Izod syndrome," says John Horan, publisher of *Sporting Goods Intelligence*, referring to the once-hip golf shirt. "Nike is everywhere."

The Marlboro mistake. Indeed, many cool-conscious youngsters have gravitated to other brands such as Adidas (which sells sneakers at lower prices) and Timberland (a leader in the outdoorsy "brown shoe" trend). Instead of responding with hotter products or lower prices, Nike did what many overconfident giants do (think Marlboro, pre-Marlboro Friday): it raised its prices ahead of inflation. Now, Nike is paying with price cuts -- in the 50% range -- on last year's models (except the irrepressible Air Jordan line).

The (Asian) economy, stupid. Nike's inventory glut is messiest in Asia, largely because the company operates few outlet stores there. (In the U.S., Nike sells almost half of its leftover shoes through its 41 factory stores and the rest through discounters like T.J. Maxx). Also, Nike was particularly ill prepared for Asia's economic collapse because Knight has long believed his company's sales are recession-resistant. Management expected revenues in Asia to almost double this year from \$1.2 billion, but retailers canceled orders at alarming rates. It looks as though sales will rise marginally at best.

Waffling on Wall Street. Nike worsened its woes by failing to acknowledge them soon enough. "Early last year, there was a major crack in the dam," says analyst Esquivel. "It took them over two months to say, 'Oops, we have problems.'" She lowered her rating on the stock from buy to hold last May, just before Nike warned that profits would fall short of expectations.

Will Nike get back up to speed? Probably -- it's one of the world's most powerful brands, and Knight is resilient as well as smart. But the recovery will be long and painful. Knight and his senior managers are currently working on a plan to close facilities and reduce Nike's workforce worldwide. A big restructuring charge will hit profits hard this year, and growth will likely be slow during the next few years.

Most important, Nike needs a new vision -- of itself and its brand. This task belongs to Knight, who turned 60 a few weeks ago and says he plans to work until he dies. That's a good thing, because the boss's favorite motto, "There is no finish line," seems more appropriate now than ever.

--Leanne Smullen

IN THE DISTRIBUTION CENTER:

HOW TO CALCULATE ELECTRICAL AMP REQUIREMENTS (CONVEYORS)

I asked **Buschman** recently, to help us figure out a way to calculate electrical amp requirements for conveyor systems. Tom Schulte of Buschman came back to me with the following information. Cut and paste this into your own BOK, if you'd like. If you give this to anyone outside KSA, please attribute it to Buschman.

- A. Divide the total footage of powered conveyor by 75'-0".
- B. Add up the total number of power curves.
- C. Add up the total number of metering belts.
- D. Add items A, B & C and multiply by 3.0.
- E. Call (The Buschman Company) for amp requirements for sorters.
- F. Add items D & E together.
- G. Multiply item F total by 1.10 for controls

Example:

<i>Total Powered Conveyor Footage 8,000'-0" / 75'</i>	=	<i>107</i>
<i>Total Power Curves</i>	=	<i>30</i>
<i>Total Metering Belts</i>	=	<i>+10</i>
<i>Total</i>	=	<i>147</i>
	=	<i>x 3</i>
	=	<i>441</i>
<i>Sorter</i>	=	<i>+75</i>
	=	<i>516</i>
	=	<i>x 1.10</i>
<i>Total Amps Required</i>	=	<i>567.6</i>

Buschman Rep: Tom Schulte (513) 881-5136

--Leanne Smullen

NOTES... .NEWS... .NONSENSE:

CHARISMA: USING PERSUASIVE COMMUNICATION

Tony Alessandra, an author and speaker on leadership, has a new book out. Its called *Charisma: Seven Keys to Developing the Magnetism that Leads to Success*. Alessandra defines **charisma as the ability to influence others positively by connecting with them physically, emotionally, and intellectually.**

According to Alessandra, charisma may be displayed by anyone. He explains that charisma consists of these components:

Your silent message - This refers to your non-verbal image: how upright and confidently you hold your body; your use of eye contact, smile, and style of dress.

Your ability to speak well - How well you articulate your ideas.

Your listening skills - Listening attentively makes others feel special. It also provides you with useful information.

Your persuasive talent - Framing your position to address people's drivers; knowing what specifically motivates people and tailoring your messages accordingly.

Your use of space and time - Staying aware of spatial and temporal relationships. For example, stand too close and people will want to back away from you. Stand too far away and people will not feel as engaged.

Your ability to adapt to others - Observe the personality and orientation of others and target your behavior in response. Note the vocabulary, presentation style, and point of view being expressed. Use the elements to build a bridge from your position to theirs.

Your vision, your ideas - No matter how great the package is, it is what is inside that captures and retains people's interest. Think clearly about what you are proposing to insure it meets the needs of the situation. That's your most compelling strength!

---Pam Beckerman



VAN GOGH FAMILY TREE

After much careful research it has been discovered that the artist Vincent Van Gogh had many relatives. Among them were:

His obnoxious brother.....Please
Gogh
His dizzy aunt Verti Gogh
The brother who ate prunes..... Gotta Gogh
The brother who worked at a convenience store..... Stopn Gogh
The grandfather from Yugoslavia..... U Gogh

The brother who bleached his clothes white..... Hue Gogh
 The cousin from Illinois..... Chica Gogh
 His magician uncle..... Wherediddy Gogh
 His Mexican cousin..... Ameer Gogh
 The Mexican cousin's American half brother..... Grin Gogh
 The nephew who drove a stage coach Wellsfar Gogh
 The constipated uncle Cant Gogh
 The ballroom dancing aunt..... Tan Gogh
 The bird lover uncle..... Flamin Gogh
 His nephew psychoanalyst..... E Gogh
 The fruit loving cousin..... Man Gogh
 An aunt who taught positive thinking..... Wayto Gogh
 The little nephew..... Poe Gogh
 A sister who loved disco..... Ahgo Gogh
 And his niece who travels the country in a van..... Winnie B. Gogh

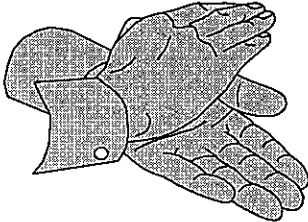
---Mike Jenkins

Happy Birthday to:



Dave Rush 3/21

Happy KSA Anniversary to:



Neysa Colizzi 3/20/95

Tony DeMaria 3/22/65

the HOTSHEET

vol. 7 no. 27

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

"If you don't learn from your mistakes, there's no sense making them."

---Anonymous

PROJECT POSTCARDS:

EXCEEDING EXPECTATIONS AT THE BON-TON

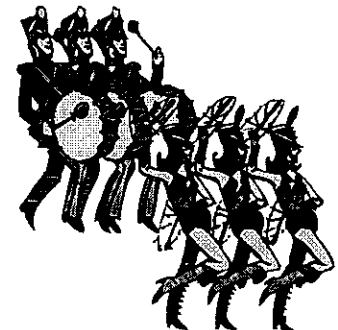
Greetings from the The Bon-Ton on-site team. We are currently in the second phase of a Base Plus project. The on-site team would like to thank the training class (and group buddies) for raising the bar here at The Bon-Ton. After 6 months of trying, we finally understand how to impress the VP of Distribution, Jerry Farnham (I still want to know who slipped Jerry a \$20 before the presentation. He has commented repeatedly that the amount of detail and the quality of the solutions presented "EXCEEDED ALL OF HIS EXPECTATIONS." Jerry is currently trying to find the investment capital to implement both the receiving /cross-dock layout and the shipping sorter solutions. Congratulations on a job well done.

--- TAMitchell, TRWear

DISNEY SHIPS!

Greetings from Memphis, TN where Mickey is alive and well. After about two years of hard work, The Disney Store's new Memphis distribution center shipped for the first time on February 23. The past several months have been extremely exciting and challenging here in Memphis completing tasks, such as, the training of approximately 200 cast members and transition of approximately \$85 million of inventory into the new facility. During the last few weeks, we have been completing all remaining critical tasks to ensure a smooth start-up (smooth being a relative term, of course). Several times over the past week, the Director of Distribution has said that he feels like a father expecting his first child and would come into the room and ask, "How far apart are the contractions?" Well on February 23, his baby was born.

Our first day was incredibly exciting. The cast members were greeted upon arrival by the Westwood High School band and the entire management team cheering them into the new facility. Fun continued throughout the day with hourly raffles and a catered lunch. Work wise, the day got off to a bit of a slow start due to some systems issues but we were able to receive approximately 9,000 cartons and process one small wave of 2,000 units. Over the past two weeks we have worked through numerous systems and mechanical issues and have seen



significant improvements in facility performance. Last week, the facility received over 1.6 million units, which represented a 15% increase from the first week of operation. Dramatic improvements were seen on the outbound side of the operation where Disney shipped over 2.2 million units, representing a 195% improvement from the first week.

Opening this facility is an accomplishment, which represents the hard work and dedication of countless individuals. As a consulting firm, we should be incredibly proud of the value we have added to the Disney organization. We have helped our client implement a state of the art facility with equipment, systems, and most importantly distribution concepts vastly different from their previous facility or what anyone could have imagined just two years ago. This facility will take Disney well into the next century and enable Disney to realize significant increase in facility throughput and capacity. We know we have a long way to go until the facility is operating smoothly and efficiently, but this is a day worth celebrating and taking a look down the mountain to see just how far we've come. More to follow!

---CJMazzei

GREETINGS FROM THE BORDERS PROJECT(S)!

After the dust has finally settled (one major standard revision, a three-month hold on implementation in Indianapolis, and other fun-filled delays) we have had the opportunity to compile the project savings for the A.T.T.I.T.U.D.E. and M.E.R.I.T. programs. This comes to a whopping **\$423,000** in only 7 months since the project's first kickoff last July -- an 8 month ROI for project costs. The savings observed in February projected over a 12-month period will yield more than **\$1,000,000** in annual savings.

We will also be adding several consultants to the Columbus KSA office in coming months to begin implementation on Borders' Columbus Flow Through Center.

Thanks to everyone involved including: **Jane Griesinger, Jeannette Townsend, Dan Purefoy, Greg Dugger, Denise Trostle, Stacey Bush, Mark Messinger**, and of course, our infamous leader **Steve Szilagyi**.

---Matt Prevost

**INDUSTRY INSIGHTS:
FROM NEWS SERVICES
SHOPPERS' SPRING FLING BOOSTS STORE SALES**

<i>FEBRUARY SALES</i>	
Dollar General	+21.8%
Gap	+14.0%
Family Dollar Stores	+12.6%
Proffitt's	+7%
Wal-Mart Stores	+6.7%
TJX	+6%
May Dept. Stores	+5%
Dillard's	+5%
Sears, Roebuck	+4.7%
Kmart	+4.7%

VENDOR VITTLES:

FEDEx ANNOUNCES SUNDAY DELIVERY

MEMPHIS, Tenn. (AP) - **Federal Express** begins Sunday package deliveries this weekend, reflecting a trend toward seven-day-a-week work weeks in America. Sunday deliveries will begin in 50 of the largest U.S. cities with an eye toward expansion.

"Our customers have asked us to do this," said David Shoenfeld, FedEx vice president for marketing. The Sunday deliveries, for overnight express, are primarily aimed at business customers. There is a \$20 surcharge and arrival is guaranteed by 3 p.m. The shipments will be covered by the company's standard money-back guarantee and its 24-hour package tracking system.

MARCH 4 /PRNEWswire

UPS ANNOUNCES EXPANDED LOUISVILLE HUB

LOUISVILLE, Ky., -- **United Parcel Service** today announced the selection of Louisville, Ky., as the site for a cutting-edge, automated sorting facility that will help ensure the company's position as the leader in the package and document distribution field.

The sorting facility, dubbed "Hub 2000", will require a 2.7 million- square-foot building and will be built at Louisville International Airport to replace UPS's main express hub. The new center will nearly double UPS's current hub capability in Louisville.

---Tom Clement

AMR "ALERT ON SUPPLY CHAIN MANAGEMENT" MARCH 9, 1998
MANHATTAN ASSOCIATES FILES FOR IPO

Manhattan Associates filed its S-1 on February 27. The warehouse management systems (WMS) vendor will offer 3 million of its 23 million outstanding shares at an anticipated share value of \$10 to \$12. That's a projected market capitalization of \$230M to \$276M, between 7-times and 9-times 1997 revenue of \$32.5M. The company expects to hit revenue of \$52M this year and \$90M in 1998.

According to company officials, Manhattan will go out as a full-service solutions provider, not a software company. A quick look at the income statement now on file shows why. Of 1997 revenue, software licenses accounted for \$7.2M (22%), services added \$14.4M (44%), and hardware sales contributed \$10.9M (34%). The share of total income for software license revenue has held constant over the last three years. A look at Manhattan's gross margin and operating expenses completes the story. Its gross margin has floated between 49% and 59% over the last three years, settling at 55% last year. Those margins may explain Manhattan's spending pattern-under 10% of revenue on R&D and just slightly more on sales and marketing.

Manhattan posted torrid revenue growth last year, up 125% from \$14.4M in 1996, mostly on growth in services and hardware sales. Manhattan revenue has grown ten-fold since 1993. Since then, services and hardware sales have increased from approximately two-thirds to three-quarters.

Manhattan's recent \$3.3M acquisition of Performance Analysis Corporation, a purveyor of slotting software, suggests its future rests on two sound strategies: to gain market share and economies of scale through acquisition and to expand its product's footprint beyond the traditional functionality of WMS applications. We expect Manhattan will add functionality such as SPC-based customer quality audits to make distribution centers smarter as well as more efficient.

McHugh Software International is off to a strong start in 1998, recording early big wins in both WMS and TMS. A TMS win at Sea-Land Service, one of the largest container shipping company, is particularly noteworthy. Sea-Land Service chose TRACS* for its 3PL customers. The deal is expected to bring McHugh \$1.3M in software license revenue and \$1.2M in service and hardware revenue this year. Last year, McHugh completed nearly 50 installations-29 DM plus installs, 15 TRACS* installs, and five installs by Software Architects, which McHugh has announced its intent to Acquire.

---Scott Vifquain

NOTES... .NEWS... .NONSENSE:

CHILDREN!

- When you hear the toilet flush and the words 'uh-oh,' it's already too late.
- Legos will pass through the digestive tract of a four-year-old.
- A four year old's voice is louder than 200 adults in a crowded restaurant.
- If you hook a dog leash over a ceiling fan, the motor is not strong enough to rotate a 42-pound girl wearing underwear and a superman cape.
- It is strong enough, however, to spread paint on all 4 walls of a 20x20 room.
- You should not throw baseballs up when the ceiling fan is on.
- If you use a waterbed as home plate while wearing baseball shoes it does not leak -- it explodes.
- A king-size waterbed holds enough water to fill a 5000 sq. ft. house 2" deep.
- No matter how much Jell-O you put in a swimming pool, you still can't walk on water.
- Pool filters do not like Jell-O.
- A 6-year-old can start a fire with a flint rock even though a 46-year-old man says they can only do it in the movies.
- 'Playdough' and 'microwave' should never be used in the same sentence.
- Always look in the oven before turning it on. Plastic toys don't like ovens.
- The spin cycle on the washing machine doesn't make earthworms dizzy.
- VCRs don't eject PB&J sandwiches, but TV commercials show they do.
- Marbles in gas tanks make lots of noise when driving.
- Super glue IS forever.
- Quiet does not necessarily mean don't worry.
- Getting in the car to go somewhere is a powerful stimulant to the body's mechanisms that govern hunger, thirst, and the urge to use the bathroom. Also the urge to fight with one's sibling(s).
- There is no such thing as childproofing your house.



TRUISMS TO LIVE BY...

A conclusion is the place where you got tired of thinking.
Experience is something you don't get until just after you need it.
For every action, there is an equal and opposite criticism.

He who hesitates is probably right.

Never do card tricks for the group you play poker with.

Success always occurs in private, and failure in full view.

If at first you don't succeed, destroy all evidence that you tried.

The colder the X-ray table, the more of your body is required on it.
The hardness of the butter is proportional to the softness of the bread.

The severity of the itch is proportional to the reach.

The problem with the gene pool is that there is no lifeguard.

Don't sweat petty things...or pet sweaty things.

Money can't buy love. But it CAN rent a very close imitation..

Bills travel through the mail at twice the speed of checks.

Who is General Failure and why is he reading my hard disk?

What happens if you get scared half to death twice?

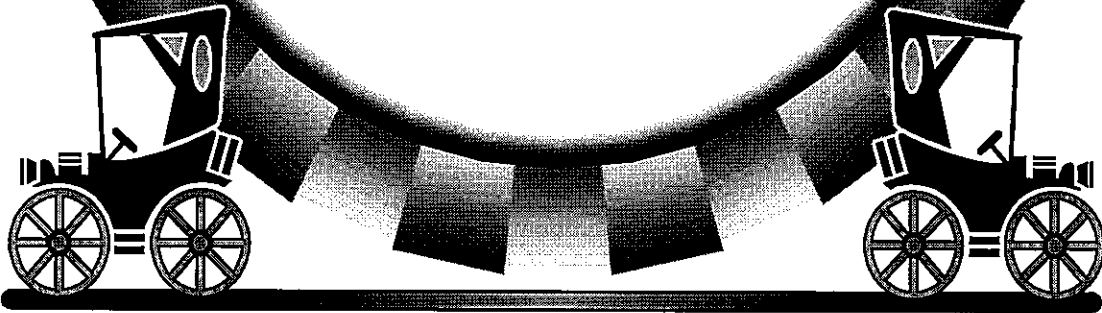
Why do psychics have to ask you for your name?

OK, so what's the speed of dark?

Black holes are where God divided by zero.

All those who believe in psychokinesis raise my hand.

Leanne Smullen

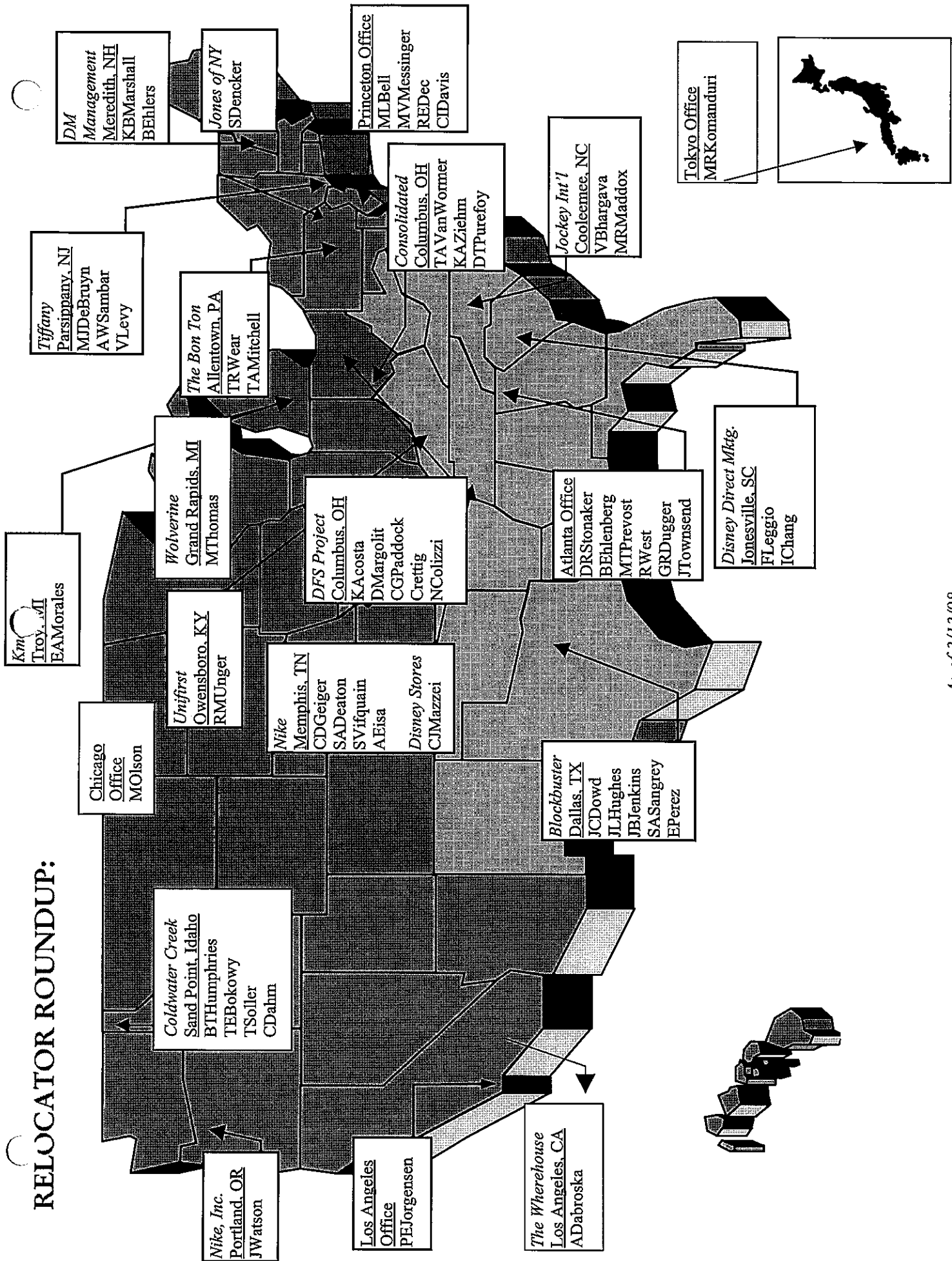


Happy KSA Anniversary to:

Randy Moore 3/14/83

Stacy Bush 3/17/97

RELOCATOR ROUNDUP:



the HOT SHEET

vol. 7 no. 26

March 6, 1998

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Editor: Leanne Smullen

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Logistics Services Group

QUOTE OF THE WEEK:

"One thing I know; the only ones among you who will be truly happy are those who will have sought and found how to serve."

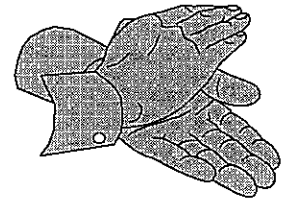
---Albert Schweitzer

PROJECT POSTCARDS:

TRAINING CLASS KUDOS!

Jerry Farnham, Vice President of **The Bon Ton Stores** was gushing in his praise of our recent training class presentations. "If those young people, (well, not so young), are indicative of the quality of KSA consultants; then they will represent KSA very well in the years to come..." Congratulations to winning over another satisfied client!

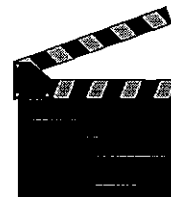
---Jeff Boudreau



CONSOLIDATED STORES:

One of the more interesting aspects that KSA brings to its clients is the diversity of our consultants. Much of this diversity comes from the personal lives (hobbies and outside interests), of KSA consultants. And KSA consultants have been known to have some rather interesting hobbies (flying gliders, sailing, producing movies). **Dan Purefoy** is one of these individuals.

Many of you may know Dan, but very few of you know that Dan is a close personal friend of Jerry Seinfeld. Dan and Jerry's friendship go way back to their high school days and they've maintained contact ever since. Those of you who watch "Seinfeld" Thursday evenings may be aware that many of the characters and situations come from real life experiences of Jerry. The "Soup Nazi" and "Kramer" are examples.



Dan and Jerry spent some time together last summer and Dan was honored by his friend Jerry in a recent episode. In the episode, Jerry discovers the "carry all". A very European way to store your "stuff". During the episode, Jerry finds several uses for his "carry all" and becomes very attached to it. He can carry his girlfriends make up and wallet, as well as many other of his necessary items (undoubtedly originally designed for storing feminine hygiene products). Throughout the episode, Jerry resists referring to his "carry all"? what it really is, until the last

scene. A purse snatcher steals Jerry's "carry all" and Jerry is seen yelling "Someone just stole my...PURSE!"

Imitation is the highest form of flattery and Dan should be very proud of his achievement. Very few men are so confident in their masculinity that they can be seen carrying a purse. As an aside, Dan also looks great in pink. Please join me in congratulating Dan on this honor.

---*Troy Van Wormer*

INDUSTRY INSIGHTS:

FROM DNR --- FEB 25

DILLARD'S EARNINGS FLAT IN 4TH PERIOD

Dillard's Inc., stung by markdowns and a dismal performance in the Midwest, reported that earnings of \$111 million in the fourth quarter; falling short of Wall Street estimates. Earnings per share rose to \$1 from 98 cents a year earlier as a result of a share repurchase program, but were off 8.3 percent from Wall Street analysts estimates of \$1.09 a share.

NORDSTROM EARNINGS LEAP 38.1%

Propelled by increasing gross margins, Nordstrom Inc.'s fourth quarter earnings jumped 38 cents to \$59.1 million, or 76 cents a share, from \$42.8 million, or 53 cents, a year ago. "This was a year of solid progress for Nordstrom," John Whitacre, chairman and chief executive, said in a statement. "The company achieved a marked improvement in sales, earnings and gross margins."

LIZ CLAIBORNE NET UP 14.9%

Shaking off a challenging fall for its core women's sportswear business, Liz Claiborne turned in its 12th consecutive quarterly earnings increase, with profits up 14.9 percent in the fourth quarter on a 10 percent sales gain. Samuel M. Miller, CEO, said the licensed DKNY products will be in 485 men's doors and 400 women's doors for spring, with the rollout complete by the second week of March.

STEPHEN GOMEZ LEAVING NIKE

Stephen Gomez, global vice-president of apparel at Nike, plans to leave at the end of March after 17 years with the company. He will be succeeded by Matt Wolff, Nike's vice-president and general manager of apparel operations. Wolff will continue to be based at Nike's corporate headquarters in Beaverton, Ore., and will report to Tom Clarke, president and COO.

---*Sharon Anderson*

FROM WALL STREET JOURNAL - MARCH 5

KMART RESULTS TOP EXPECTATIONS, IN SIGN ITS TURNAROUND IS ON TRACK

Kmart Corp., in a sign that its turnaround is on track, posted better than expected fiscal fourth-quarter profit. Some analysts and Kmart officials saw the results as evidence that the company is carrying strong momentum into the current year. "We have this

snowball that is rolling,” Kmart CEO Floyd Hall said in an interview. “It will pick up speed in 1998 and beyond.”

---*Sharon Anderson*

RECENT REQUESTS:

One of KSA's clients is looking for someone to lead and manage the IE department at their new DC. The following is a summary of qualifications and the type of work the individual will be involved with:

Qualifications

- Technical degree required
- 3+ years experience in a direct market or related distribution environment
- Excellent organizational and analytical skills
- Dynamic interpersonal skills
- Representative projects
- Setup and maintain standards for an activity based cost system
- Define and implement various aspects of vendor compliance program
- Work standards development

Please contact **Dan Stonaker** or **Ken Walker**, if you know of someone who would be interested in this opportunity.

---*Dan Stonaker*

NOTES, NEWS & NONSENSE

THOUGHTS ON LEADERSHIP

I was surfing the Web and came across these ideas about leadership:

The essential quality of the (or other change agent) is knowing how to apply leadership through continuous actions of negotiating perspectives, values, and by managing shared perceptions people describe their world and, common, more empowering



effective manager (insert *consultant* appropriately. Effective leaders progress is made through the among people that have varying understandings. You achieve results and expectations. Listen to how through dialogue, build bridges to a conception.

An effective leader must have the skills to put together networks and alliances within an organization without creating roadblocks. Use natural coalitions as sources of support and vehicles for action. Avoid fostering unhealthy competition between groups.

Another critical ability of the leader is making sense out of typical problems and looking for the opportunities that lie within them. Every breakdown holds the ingredients of a breakthrough!

Effective leaders establish a set of measurable, long-term objectives that stem from customer expectations. Let the customer drive your direction.

---Pam Beckerman

AD CAMPAIGNS GONE WRONG

Coors put its slogan "Turn It Loose" into Spanish in which it was read as "Suffer from diarrhea."

Clairol introduced the "Mist Stick" curling iron into the German market only to find out that "mist" is slang for manure. A manure stick didn't sell.

The American slogan for Salem cigarettes, "Salem-Feeling Free", was translated into the Japanese market as "When smoking Salem, you will feel so refreshed that your mind seems to be free and empty."

Colgate introduced a toothpaste in France called "Cue" the name of a notorious porno magazine.

An American T-shirt maker in Miami printed shirts for the Hispanic market promoting the Pope's visit. Instead of "I saw the Pope" [el Papa] the shirts read "I saw the potato." [la Papa]

In Italy, a campaign for **Schwepes** Tonic Water translated the name into "Schwepes Toilet Water."

Pepsi's "Come alive with the Pepsi generation" translated into Chinese reads, "Pepsi brings your ancestors back from the grave."

Frank Perdue's chicken slogan "It takes a strong man to make a tender chicken" was translated into Spanish "it takes an aroused man to make a chicken affectionate."

When **Parker Pen** marketed a ball-point pen in Mexico, its ads were supposed to have read "It won't leak in your pocket and embarrass you." Instead the company thought that the word "embarazar" [to impregnate] meant to embarrass, so the ad read "It won't leak in your pocket and make you pregnant."

---Cameron Geiger

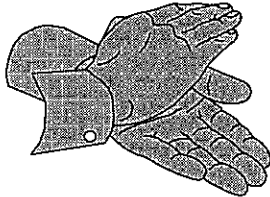
IMPORTANT DATES AND ANNOUNCEMENTS:

Happy Birthday to:



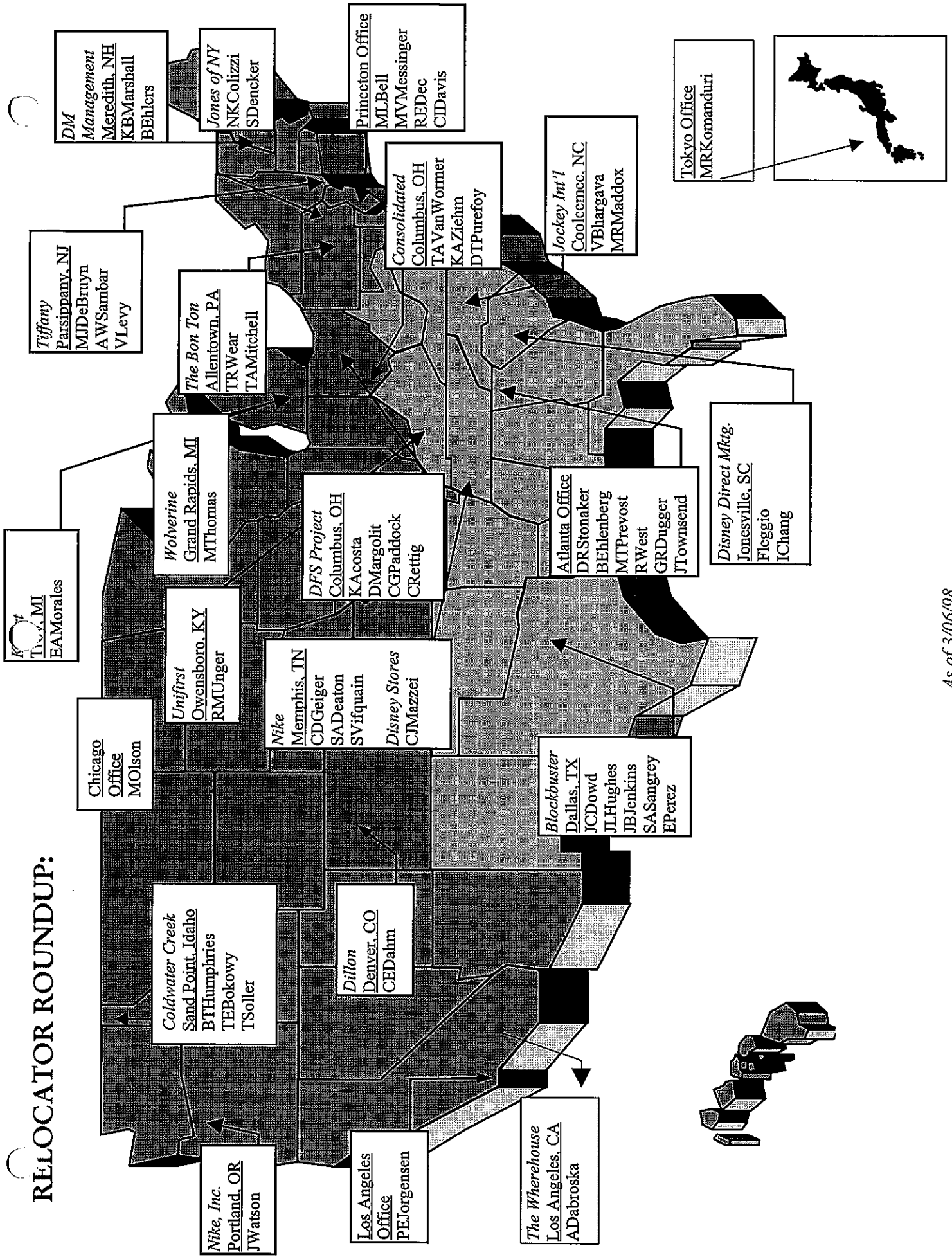
Denise Trostle 3/13

*Happy **KSA** Anniversary to:*



Mark Thomas 3/10/97

RELOCATOR ROUNDUP:



the HOT SHEET

vol. 7 no. 25

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Logistics Services Group

QUOTE OF THE WEEK:

"Unless you are willing to drench yourself in your work beyond the capacity of the average person, you are just not cut out for positions at the top."

---J. C. Penney, former chairman, J. C. Penney

PROJECT POSTCARDS

COLDWATER CREEK

Greetings from the Coldwater Creek on-site project team! **Tom Bokowy, Brad Humphries, and Todd Soller** are staying busy with the ongoing facility planning for the new **Coldwater Creek East Coast Distribution Center** in Parkersburg, West Virginia. In the past month, the general contractor has been selected, specifications for lift trucks, conveyor systems and tilt trays have been sent to vendors, and the rack bids are currently under evaluation. It is an exciting and hectic time as the team has the good fortune to be involved with a rapidly growing company in the direct marketing arena. After the selection of all vendors, the project team will be relocating from the Sandpoint, ID area to Parkersburg. Only a few more weekends to enjoy the beautiful scenery and great skiing.

SPECIAL UPDATE: During the was started. The first 47-yard outside the home of Tom Bokowy contestants, Tom "Fantastic then!" Dave Rush took a commanding lead at the traditional 40-yard mark. home tar advantage was his, moments.

---Todd Soller



recent Super Bowl festivities, a new tradition asphalt dash was contested in the street during the halftime of the Super Bowl. The Bokowy and Dave "Freight Train" Rush. at the midpoint and still maintained the edge However, Tom Bokowy, realizing that the squeaked out a narrow victory in the waning

THE DISNEY PROJECT

Fresh from Logistic Training in Princeton I have returned to the middle of nowhere South Carolina. Strangely enough I am finding it hard to drive down here where left turns are allowed. My car keeps running off the road to the right when I need to make a left turn.

I find myself avoiding fence posts and occasionally a jogger. Hopefully my car will adjust soon.

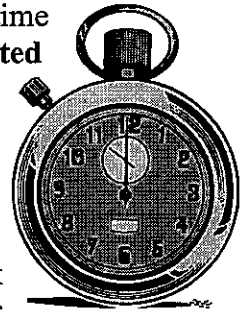
We finished Integration Test Three and are now holding testing until the interfaces with the business system are up and running. We hope to resume testing with Scenario 4 next week sometime. The building and material handling equipment is proceeding and the facility is filling with conveyor and racking. Active racking installation should be starting next week sometime

also. We should be selecting a workstation vendor next week some time. Interviewing of new supervisors for Outbound and cast members for Inbound has been continuing. We are looking forward to **Disney** getting some new IEs hired soon. The KSA project team is also expecting a new member to our team. **Iris Chang**, from **Unifirst** will be arriving in sunny SC the first week of March to join us in Integration Testing. Welcome Iris and get ready to go to work. That's all for now.

---Frank Leggio

CONSOLIDATED STORES

Question? What do you call **Troy VanWormer** with a stop watch and time study board in his hand? A MIRACLE. Greetings from **Consolidated Stores** -- The Time Study Capital of America - from **TAVanWormer, KAZiehm, & DTPurefoy**. We have completed Post Follow Up in Receiving and Stock, and are currently in the time study mode in Distribution. There continues to be fantastic results from the two areas already on **POWER!** The Receiving Department UPH has increased by 42%, from the initial baseline of 158.3 cartons per hour to last weeks high of 251 cartons per hour. The Stock Department UPH has increased by 33%, from an initial baseline of 5.5 pallets per hour to 7.3. The trend is up so the savings just keep on coming.



A few notable points have happened over the past couple of weeks:

1. Kirk was attacked by a rabid raccoon and will now have to go through a series of rabies shots. Initial blood tests taken on the raccoon are favorable and "Teddy" is expected to recover from Kirk's bite just fine. Kirk is now registered as a raccoon biter with Consolidated Security and is currently seeking counseling.
2. We may want to consider an office in Columbus, Ohio. On Wednesday night, the first Columbus based dinner was held with a total of 18 KSAers plus family members from the DFS and Consolidated Stores projects. Incidentally, one former KSAer, **Hal Wilson**, was in attendance.

Finally, another major milestone has been reached here at Consolidated Stores. On Tuesday, February 24, 1998 @ approximately 2:33 p.m., Troy eclipsed the 175 Minute mark for Cumulative Time Study Data. After 7 months, his perseverance and intestinal fortitude took him to the edge and over. The type of motivation, dedication, and diligence required to set and reach such a goal is an example we all can follow. Through these 7 months of bad breaks and setbacks, Troy has averaged just over 15 minutes of Time Study Data per month. His patience is tenacious. He has affirmed that he can and will reach 200 minutes by the end of the year. So, for this great accomplishment, let me be the first, of what I hope is many accolades from the world of KSA, to say to you, my mentor, my colleague, my friend, Troy "Goose" Van Wormer **CONGRATULATIONS!** May your timestudy board be your guide.

---KAZiehm, DTPurefoy

INDUSTRY INSIGHTS: FROM *CHAIN STORE AGE* – FEB 20

U.K. based specialty shop chain W. H. Smith Group Holdings will use a small gift shop in a local Georgia airport as a test site for what could become a much larger number of small-scale, small-airport stores. The pilot site will be housed in the Columbus Metropolitan Airport. If successful, W. H. Smith will follow the effort up with more stores at other regional airports.

Federated Department Stores named Janet Grove chairman of the company's merchandising division.

J. C. Penney named Randy Ronning president of its catalog and distribution, and Stephen Raish president of the home and leisure division.

Consolidated Stores Corp. named Michael Potter executive VP and CFO, and Albert Bell executive VP.
---*Sharon Anderson*

FROM *STORES MAGAZINE* E-MAIL NEWS [EMAILNEWS@NRF.COM]

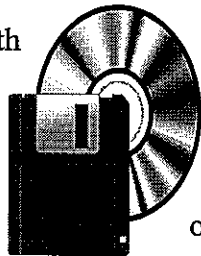
Fourth-quarter earnings at Spiegel Inc. rose 61%, but troubles in both the core catalog operation and Eddie Bauer division generated higher losses for the year. Fourth-quarter earnings rose to \$31.9 million from \$19.8 million the year before, even as sales slipped 2.4% to \$1.03 billion from \$1.05 billion. For the year, the loss was \$33 million compared with a loss of \$13.4 million a year earlier, while sales dipped 0.5% to \$2.84 billion from \$2.85 billion.

---*Sharon Anderson*

NOTES, NEWS & NONSENSE

A GUIDE TO SOFTWARE REVISIONS

Once you start playing with each software package obvious that this to the product, but in information available through the guide for interpreting the meaning signify.



software you quickly become aware that has a revision code attached to it. It is revision code gives the sequence of changes reality there's substantially more rev code than that. This e-mail provides a of the revision codes and what they actually

1.0:

Also known as "one point uh-oh", or "barely out of beta". We had to release because the lab guys had reached a point of exhaustion and the marketing guys were in a cold sweat of terror.

We're praying that you'll find it more functional than, say, a computer virus and that its operation has some resemblance to that specified in the marketing copy.

1.1:

We fixed all the killer bugs ...

1.2:

Uh, we introduced a few new bugs fixing the killer bugs and so we had to fix them, too.

2.0:

We did the product we really wanted to do to begin with. Mind you, it's really not what the customer needs yet, but we're working on it.

2.1:

Well, not surprisingly, we broke some things in making major changes so we had to fix them. But we did a really good job of testing this time, so we don't think we introduced any new bugs while we were fixing these bugs.

2.2:

Uh, sorry, one slipped through. One lousy typo error and you won't believe how much trouble it caused!

2.3:

Some jerk found a deep-seated bug that's been there since 1.0 and wouldn't stop nagging until we fixed it!

3.0:

Hey, we finally think we've got it right! Most of the customers are really happy with this.

3.1:

Of course, we did break a few little things.

4.0:

More features. It's doubled in size now, by the way, and you'll need to get more memory and a faster processor ...

4.1:

Just one or two bugs this time ... Honest!

5.0:

We really need to go on to a new product, but we have an installed base out there to protect. We're cutting the staffing after this.

6.0:

We had to fix a few things we broke in 5.0. Not very many, but it's been so long since we looked at this thing we might as well call it a major upgrade. Oh, yeah, we added a few flashy cosmetic features so we could justify the major upgrade number.

6.1:

Since I'm leaving the company and I'm the last guy left in the lab who works on the product, I wanted to make sure that all the changes I've made are incorporated before I go. I added some cute demos, too, since I was getting pretty bored back here in my dark little corner (I kept complaining about the lighting but they wouldn't do anything). They're talking about obsolescence planning but they'll try to keep selling it for as long as there's a buck or two to be made. I'm leaving the bits in as good a shape as I can in case somebody has to tweak them, but it'll be sheer luck if no one loses them.

9.0:

This year's flavor of Control Plus.

---*Jenkins, Mike*

EXCERPTED FROM THE EMPIRE STATE SURVEYOR, NEW YORK SOCIETY OF PROFESSIONAL SURVEYORS, NOVEMBER 1990

One of the best examples of how ridiculous government paperwork can be is illustrated by a recent case in Louisiana. A company president was trying to buy some land in Louisiana for a plant expansion, and he wanted to finance this new facility with a government loan. His lawyer filled out all the necessary forms and applications and sent them appropriately. The government reviewed his application and abstract and sent the following reply:

"We received today your letter enclosing application for your client supported by abstract of title. We have observed, however, that you have not traced the title previous to 1803, and before final approval, it will be necessary that the title be traced back previous to that year. Yours truly, etc."

As a result, the lawyer sent the following letter to the government:

"Gentlemen, your letter regarding title received. I note you wish said title to be claimed back further than I have done it. I was unaware that any educated man failed to know that the United States purchased Louisiana from France in 1803. France acquired the title of the land by right of conquest of Spain. The land came into possession of Spain in 1492 by right of discovery by a Spanish-Portuguese sailor named Christopher Columbus, who had been granted the privilege of seeking a new route to India by Queen Isabella of Spain. The good queen, being a pious woman and careful about title, took the precaution of securing the blessing of the Pope of Rome upon Columbus' voyage before she sold her jewels to help him. Now the Pope, as you know, is the emissary of Jesus Christ, who is the Son of God. And God, it is commonly accepted, made the world. Therefore, I believe it is safe to assume that He also made that part of the United States called Louisiana, and I hope to hell you're satisfied."

---*Melissa McPhail*

IMPORTANT DATES AND ANNOUNCEMENTS:

Happy Birthday to:

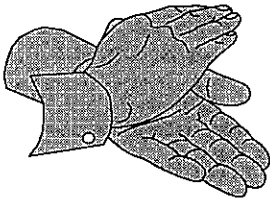


Suzanne Dencker 3/2

Poornima Kaddi 3/3

Tom Clement 3/4

*Happy **KSA** Anniversary to:*

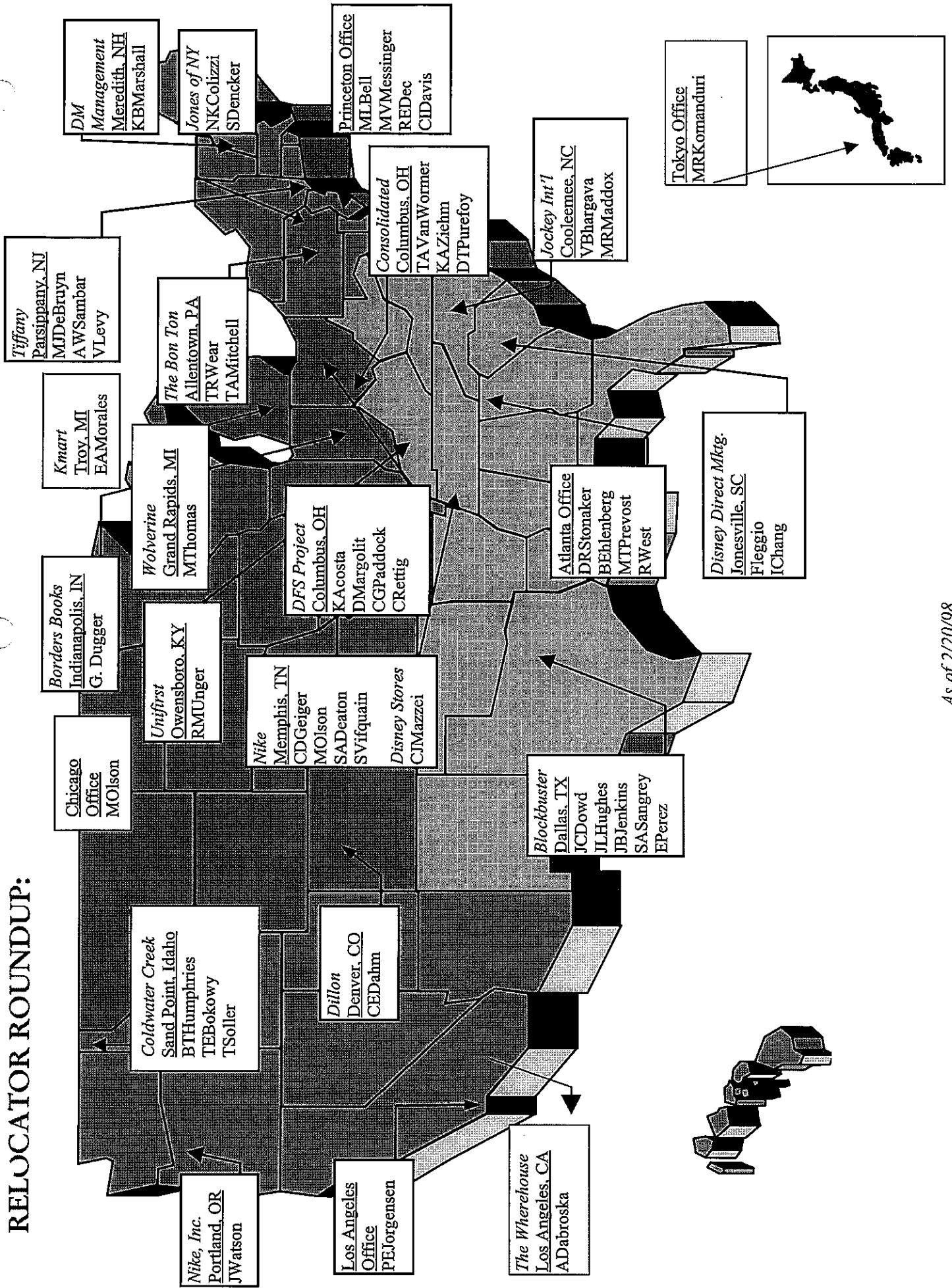


Tom Clement 3/2/95

Poornima Kaddi 3/4/96

Curt Bonsib 3/8/96

RELOCATOR ROUNDUP:



the HOT SHEET

vol. 7 no. 24

February 20, 1998

Publisher: Sharon Anderson

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

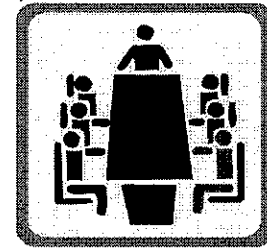
"Tell me and I forget; Teach me and I may remember; Involve me and I learn"

--Benjamin Franklin

PROJECT POSTCARDS

POSTCARD FROM LOGISTICS TRAINING CLASS, PRINCETON, NJ

Back at last! After an intense two weeks of working hard and playing hard, nine logistics relocators have returned to their respective projects (no doubt to the relief of many project managers). I doubt, however, that any of our projects could muster the enthusiasm we gained from our experience in the Logistics training class in the Princeton office. Many of us caught up with each other from past orientation classes while others were finally able to place names with faces. It was also a great opportunity for many of us to see the Princeton and New York offices for the first time.



Our class participated in numerous sessions during the two weeks. Topics ranged from the four basic types of logistics projects to inventory management. Special appearances were made by **Jim Giddings, Tony DeMaria, Steve Riepenhoff, and Randy Moore** in the Princeton office. We discussed what it means to develop client relationships and deliver high-quality results. We also visited the new NYC office for a discussion with **Ken Walker** on past, present, and future trends in retailing.

We also had the privilege to put our newly found knowledge to the test with a live client. We visited the **Bon-Ton** facility in Allentown, PA for three days (for those of you past relocators that need to dust your road atlas off, that's almost 2 hours each way) where **Ralph Wear** and **Todd Mitchell** are currently doing a Base Plus implementation. Apparently, the management team was eager for our incite and had to narrow down their project wish list from 15 down to just 2.

Our class was divided into two teams. The first team studied the receiving area to improve the procedures and flow path. The second team provided a cost analysis of new sortation alternatives in the shipping area. After our many hours of hard work, the management team at **Bon-Ton** delivered a glowing review of both teams' presentations. Much of our success was due to help from **Mark Messinger** and **Rich Dec**, our group "buddies", and the hard work of **Faith Cox, Gabrielle Pyle, and Rick Wolf**. Thanks, folks!

We also had the benefit of various other learning experiences including the following:

1. The Princeton pool car cannot be classified as luxury sedan with comfortable seating for nine, though, it is possible.
2. There is no such thing as "too much" coffee, period.
3. Trains do not operate past 1am in New York City. (special thanks to Mark Messinger for this research).
4. Touch football seemed a lot less violent when we played as kids. Going out the night before does not seem to enhance performance either.
5. Nine young KSA consultants raging from 4'10" to 6'6" cannot expect to be inconspicuous on league night at the local Bowl-a-rama.
6. Hot tubs CAN operate year-round.
7. One person (a.k.a. consultant), strategically placed and poorly trained, can shut down an entire sorter.
8. Neil Buck might be the new Chuck Easley. (ROI is not the name of a French hockey player, Neil).
9. Things are going to take awhile to get back to normal in Princeton.

We would like to thank everyone in the Princeton office that presented and assisted us. A special thanks goes to **Jack Horst** and **Suzanne Judd** for organizing a very fun and educational two weeks. We know these two weeks will fuel our fires for many projects to come. Thanks, everyone!

Members of this class included: **IChang, GRDugger, BEhlenberg, AEisa, FLeggio, VLevy, EPerez, MThomas, and TSoller.**
---Greg Dugger

INDUSTRY INSIGHTS:

FROM *DNR* FEB. 11, 1998

Robert D. Rockey Jr., long-time executive at **Levi Strauss**, will become chairman and CEO officer of **Bidermann Industries USA Corp.** if the firm's pending plan of reorganization is consummated.

Ruff Hewn Inc. plans to liquidate in bankruptcy. The sportswear manufacturer said at a creditors meeting Friday that it is currently looking to sell the Ruff Hewn trademark. The company is in a liquidation mode," said Michael Etkin, a lawyer at Wachtel & Masyr, the law firm representing the unsecured creditors committee.

---Sharon Anderson

FROM *EXECUTIVE NEWSWIRE* FEB 16, 1998

IMRA SUPPORTS INTERNET FREEDOM – APPAREL INDUSTRY MAGAZINE

The International Mass Retail Association has urged Congress to support legislation that would place a moratorium of at least six years on new Internet taxes. In a letter sent to every member of the House and Senate, IMRA formally endorsed the Internet Tax Freedom Act introduced by Rep Chris Cox (R-Calif.), and Sen. Ron Wyden (D-Ore), and urged Congress to cosponsor the bill.

The Internet Tax Freedom Act would allow time for government to study the Internet before imposing any taxes. "Right now, a single transaction could result in taxes in many different states, depending upon which state tax laws are involved in the origin and distribution of products," said Jonathan Gold, IMRA Legislative Representative. For more information, visit IMRA's Web site at www.imra.org.

HUDSON'S BAY BUYS KMART CANADA

To compete with rival discounter **Wal-Mart**, **Hudson's Bay Co. of Toronto** has agreed to buy **Kmart Canada Co.**, the country's third-largest discount retailer, for \$167.7 million. The move makes Hudson's Bay's Zellers division Canada's biggest player in the category, a position it had long held until Wal-Mart surpassed it last year. Wal-Mart currently owns 45% of Canada's discount-retailing market, and Zellers owns 41%

---Sharon Anderson

FROM BUSINESS WIRE--FEB. 5, 1998

NIKE's new Equipment Division has signed up **Menlo Logistics**, a leading third-party logistics provider, to manage two major distribution networks for NIKE's new and rapidly growing line of sports balls, vision ware, watches and other sports gear throughout North America and Europe. The agreement is a milestone for each company: For NIKE, it marks a shift toward outsourcing greater logistics responsibilities as part of its ongoing drive to increase competitiveness; for Menlo Logistics, the agreement is the first for its recently established European Division.

---Tom Clement

VENDOR VITTLES:

FROM BUSINESS WIRE--FEB. 5, 1998

Teamster's Union and management negotiators have agreed on a new five-year National Master Freight Agreement (NMFA) governing major unionized Less Than Truckload (LTL) carriers and their employees, the head of Motor Freight Carriers Association (MFCA) said today.

The new agreement applies only to **ABF Freight System, Inc., Consolidated Freightways, Roadway Express, Inc. and Yellow Freight System, Inc.**

FROM PRNEWSWIRE - FEB 9, 1998

Metasys Inc., a leading provider of transportation management software, today announced it will provide its Enterprise Transportation Management (ETM) application suite to **Caliber Logistics**. Caliber Logistics is part of the recently formed holding company **FDX Corp.**, which also includes **Federal Express Corp., Viking Freight, Inc., RPS, Inc., and Roberts Express, Inc.**

---Tom Clement

MEETING ANNOUNCEMENT:

REMINDER! SOFTWARE PROVIDER TO VISIT KSA ATLANTA

GERS, a retail oriented software provider is scheduled to visit KSA Atlanta on February 20 from 11-3 p.m. GERS provides merchandising and other modules to the speciality retail segment, in line with KSA's target client set. Please plan to attend the session to learn more about a major solution provider. 2-3 GERS professionals will demo the product and help us understand the unique functional features of the solution. Plus, Dave will buy lunch. Thanks.

-- *Dean Sivara*

NOTES, NEWS & NONSENSE

WOULD YOU LIKE TO JOIN.....

The Yoko Club?	Oh no.
The German philosophy club?	I. Kant.
The Ford-Nixon club?	Pardon me?
The Arafat club?	Yessir.
The Alzheimer's club?	Forget it.
The Ebert movie club?	Roger.
The Groucho Marx club?	You bet your life.
The Peter Pan club?	Never. Never.
The Japanese theater club?	Noh.
The quarterback club?	I'll pass.
The Rhett Butler club?	I don't give a damn.
The compulsive rhymers club?	Okey-dokey.
The anti-perspirant club?	Sure.
The pregnancy club?	Conceivably.
The Procrastinator's Club	Maybe next week
The Self-Esteem Builders	They wouldn't accept me anyway

The Agoraphobics Society Only if they meet at my house

The Co-Dependence Club Can I bring a friend?

The Prayer Group God willing!

--Leanne Smullen

YOU MAY WANT TO SCAN YOUR COMPUTER FOR THE FOLLOWING VIRUSES:

COLIN POWELL VIRUS: Makes its presence heard, but doesn't do anything. Secretly, you wish it would.

HILARY CLINTON VIRUS: Files disappear only to reappear mysteriously a year later in a different directory.

O.J. SIMPSON VIRUS: You know it's guilty of trashing your system, you just can't prove it.

BOB DOLE VIRUS: Could be virulent, but its been around too long to be much of a threat.

BOBBITT VIRUS: Removes a vital part of your hard disk, then re-attaches it, but that part never works again.

OPRAH WINFREY VIRUS: Your 200MB hard drive suddenly shrinks to 80MB, then slowly expands back to 200MB.

AT&T VIRUS: Every three minutes it tells you what a great service you're getting.

MCI VIRUS: Every three minutes it reminds you're paying too much for the AT&T virus.

PAUL REVERE VIRUS: This revolutionary virus doesn't horse around...it warns you of impending hard disk attack....one if by LAN, two if by C.

POLITICALLY CORRECT VIRUS: Never identifies itself as a "virus", but instead refers to itself as an "electronic micro-organism".

ROSS PEROT VIRUS: This pesky little thing activates every component in your system just before the whole thing quits.

MARIO CUOMO VIRUS: Could be a virus, but refuses to run.

DAN QUAYLE VIRUS: There is something wrong with your computer, but we can't figure out what.

GOVERNMENT ECONOMIST VIRUS: Nothing works, but all your diagnostic software says everything is fine.

FEDERAL BUREAUCRAT VIRUS: Divides your hard disk into hundreds of little units, each of which does practically nothing, but all of which claim to be the most important part of your computer.

GALLUP VIRUS: 60% of the PC's infected will lose 30% of their data 14% of the time. (plus or minus a 3.5 margin of error)

CONGRESSIONAL VIRUS: The computer locks up, and the screen splits in half with the same message appearing on each side of the screen. The message says that the blame for the gridlock is caused by the other side.

GEORGE BUSH VIRUS: It starts by boldly stating, "Read my docs.....no new files!" on the screen. It proceeds to fill up all the free space on your hard drive with new files, then blames it on the congressional virus.

AIRLINE VIRUS: You're in Denver, but your data is in Singapore.

PBS VIRUS: Your programs stop every few minutes to ask for money.

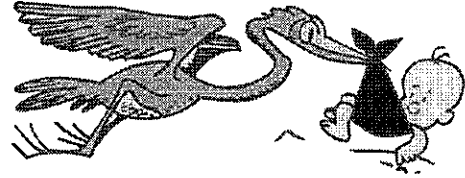
OLLIE NORTH VIRUS: Causes your printer to become a paper shredder.

HEALTHCARE VIRUS: Tests your system for a day, finds nothing wrong, and sends you a bill for \$4, 500.

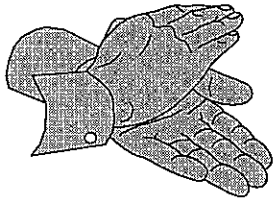
---Chris Davis

IMPORTANT DATES AND ANNOUNCEMENTS:

CONGRATULATIONS TO KARL & SUE SWENSEN ON THE BIRTH OF THEIR BABY BOY, SCOTT FRASER... BORN MONDAY, FEBRUARY 16, 1998; WEIGHING IN AT 7LBS 9OZ.



*Happy **KSA** Anniversary to:*



David Edwards 2/21/94

Britt Dayton 2/24/92

Steve Riepenhoff 2/28/72

the HOT SHEET

vol. 7 no. 23

February 13, 1998

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QUOTE OF THE WEEK:

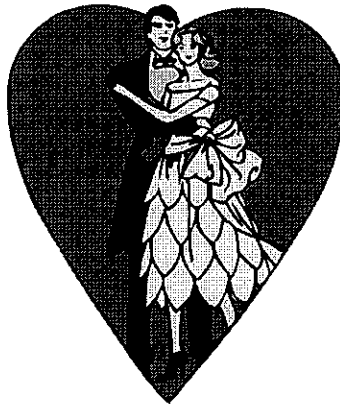
"If you do things well, do them better. Be daring, be first, be different, be just"

--Anita Roddick, founder of Body Shop International

PUBLISHER'S AND EDITOR'S NOTE:

A Valentine's Day Love Story!

John Blanchard stood up from the bench, straightened his Army uniform, and studied the crowd of people making their way through Grand Central Station. He looked for the girl whose heart he knew, but whose face he didn't, the girl with the rose. His interest in her had begun thirteen months before in a Florida library. Taking a book off the shelf he found words of the book, but with the soft handwriting reflected a mind. In the front of the book, he discovered the previous owner's name, Miss Hollis Maynell. With time and effort he located her address. She lived in New York City. He wrote her a letter introducing himself and inviting her to correspond. The next day he was shipped overseas for service in World War II.



During the next year and one month the two grew to know each other through the mail. Each letter was a seed falling on a fertile heart. A romance was budding. Blanchard requested a photograph, but she refused. She felt that if he really cared, it wouldn't matter what she looked like. When the day finally came for him to return from Europe, they scheduled their first meeting - 7:00 PM at the Grand Central Station in New York. "You'll recognize me," she wrote, "by the red rose I'll be wearing on my lapel."

So at 7:00 he was in the station looking for a girl whose heart he loved, but whose face he'd never seen. I'll let Mr. Blanchard tell you what happened: A young woman was coming toward me, her figure long and slim. Her blonde hair lay back in curls from her delicate ears; her eyes were blue as flowers. Her lips and chin had a gentle firmness, and in her pale green suit she was like springtime come alive. I started toward her, entirely forgetting to notice that she was not wearing a rose. As I moved, a small, provocative smile curved her lips. "Going my way, sailor?" she murmured.

Almost uncontrollably I made one step closer to her, and then I saw Hollis Maynell. She was standing almost directly behind the girl. A woman well past 40, she had graying hair tucked under a worn hat. She was more than plump, her thick-ankled feet thrust into low-heeled shoes. The girl in the green suit was walking quickly away. I felt as though I was split in two, so keen was my desire to follow her, and yet so deep was my longing for the woman whose spirit had truly companioned me and upheld my own. And there she stood. Her pale, plump face was gentle and sensible, her gray eyes had a warm and kindly twinkle. I did not hesitate. My fingers gripped the small worn blue leather copy of the book that was to identify me to her.

This would not be love, but it would be something precious, something perhaps even better than love, a friendship for which I had been and must ever be grateful. I squared my shoulders and saluted and held out the book to the woman, even though while I spoke I felt choked by the bitterness of my disappointment.

"I'm Lieutenant John Blanchard, and you must be Miss Maynell. I am so glad you could meet me; may I take you to dinner?" The woman's face broadened into a tolerant smile. "I don't know what this is about, son," she answered, "but the young lady in the green suit who just went by, she begged me to wear this rose on my coat. And she said if you were to ask me out to dinner, I should tell you that she is waiting for you in the big restaurant across the street. She said it was some kind of test!"

It's not difficult to understand and admire Miss Maynell's wisdom. The true nature of a heart is seen in its response to the unattractive. "Tell me whom you love," Houssaye wrote, "And I will tell you who you are."

Source: The Web ---Leanne Smullen

PROJECT POSTCARDS

CORNERSTONE FACILITY DESIGN

The Cornerstone team has now begun the detailed design of the DC. The 600,000 sq ft DC will support seven catalogs and one billion dollars in annual sales. High Bay reserve storage will be in a 65 ft clear building and will employ manned transtacker cranes. This method of storage was selected to maximize storage height in the building and minimize building footprint. These cranes can operate in a 54" clear aisle and run on AC power when in the aisle. Use of this technology proved to be less costly than VNA trucks in lower height storage in both initial capital cost and future labor expense. The cranes have the following additional advantages:

1. No down time for charging/changing batteries
2. Increased productivity and throughput
3. Travel within aisle at full speed regardless of lift height
4. Lifts and lowers at full speed regardless of height (90 fpm)
5. High load capacity (4000 lbs)

We want to welcome aboard **Doug Way, Bruce Seeber, and Jeannette Townsend** to the project. Doug, Bruce and Jeannette will be assisting Cornerstone in defining the WMS functional requirements and selecting the appropriate WMS vendor.

---*Dan Stonaker, Ken Walker*

CONSOLIDATED STORES

If you need to make a deal, call in a closer. Greetings from **Consolidated Stores** in Columbus, Ohio. The "Close Out Team" of **KAZiehm, TAVanwormer, and DTPurefoy** continue to set the world on fire. In September, the first department here at Consolidated (Receiving) was *Incentivized* and the results were outstanding. After 4 months, which included a 2 week shut down, inventory, low volume that kept the facility at a stand still for a couple of weeks, and one stock operation (Turret Systems) going on standard, the entire Stock Family has joined the Elite POWER! Program.

A few particular about the Odd Lots/Big Lots DC Stock Department:

- The entire stock department covers 5 different buildings with a total area of about 3.7 million square feet.
- 6 separate operations.
- 45 standards
- 49 production recording sheets
- 12 separate 8 footer routes. Each route requires an 8-footer to deliver pallets from a receiving dock to a pre-stage putaway location within one of four different buildings. Upon arrival at the putaway staging location, the operator has the option of delivering pulled (replenished pallets) to a picking module, shipping dock, or a non-conveyable selecting area. The operator has an assigned dock and pre-stage area that they support, but are free to make choices of delivery after that. Average round trip time is 6 to 9 minutes.
- 4 tugger train routes. The concept for the tugger train routes mirrors that of the 8-footer except they support an area not a dock. Average round trip time is 16 minutes.
- 58 train stations.
- 19 putaway pallet drop off zones
- 15 pulled pallet drop off zones

Implementation of the final three areas of stock took place on January 12. The first weeks results were modest followed by a weeklong inventory. The week of January 26-31, was the first week where the receiving activity was high enough to have Stock POWER! hitting on all cylinders.

	<u>Perf</u>	<u>On-Std</u>
Turret System	92.5%	86.1%
8 Footer	86.2%	74.1%
Rider Reach Production	82.9%	47.5%
Rider Reach TS Support	77.7%	78.3%
Tugger Driver	75.1%	74.8%

One new problem facing the area (never seen before) is what to do with all of the extra people. HERE COMES THE SAVINGS! Special thanks to **DSMargalit**, who spent his first weeks with KSA contributing to the success of the Stock Department here at Consolidated. Thanks also to **Alice Dabrowska** (via the U.K. office) who spent a few days with the "Close Out Guys" performing follow-up.

---Dan Purefoy

GREETINGS FROM NEW HAMPSHIRE

Thank God for El Nino! I believe El Nino translates to "Build Fast" in Spanish. I may be wrong. Greetings from New Hampshire! Believe it or not, despite the great weather to date, this may be the worst sugaring year in some time (maple syrup to the outsider).

Stock up now! As for the real news, **DM Management's** new facility is going up fast. All of the tilt-up operation is complete. At one point we were shut down for a week because the 175-ton crane failed with a 50-ton panel in the air. The ground shook for some distance when it came down. The crane company sent a bigger crane. Structural steel (columns and joists) is being installed as we speak. Winter construction, although very challenging, has not been a showstopper. Several New England construction companies have stopped by to see the action for themselves.

We recently settled on two key vendors for the project. We would like to welcome Designed Conveyor Systems (DCS) and Wildeck to the team. DCS will install all conveyors and sorters while Wildeck will build and install the 150,000 square foot structural mezzanine. DM has greatly benefited from each vendor's eagerness for the project. Still to be selected are the order picker and rack vendors. Those selections will be completed by month's end. If anyone is interested in how the vendor selection process progressed (pricing, design, options, etc) do not hesitate to contact us. I will send most of the information to **Leanne Smullen** in the coming weeks.

We would also like to welcome a new member of the IT team, **Ben Strupp**, who will work extensively on Mozart, the new Catalog Management System. As the months progress we will be adding several new faces to the DM Management Implementation Team. Watch out Memphis!

We would like to announce that Team KSA failed to win this year's annual ice fishing derby but several events remain in the local Winter Olympics and we have great hope for a strong comeback.

---KBMarshall

INDUSTRY INSIGHTS:

FROM *THE WALL STREET JOURNAL* – FEB. 11, 1998

YEARLY SALES DROPPED 4%, FIRST DECLINE IN A DECADE

Levi Strauss & Co., San Francisco, said fiscal 1997 sales fell 4% to \$6.86 billion from \$7.14 billion a year earlier, its first sales decline in more than a decade. The drop reflects stiff competition in the denim market and marketing missteps by the world's largest maker of brand name clothing, analysts said. Levi's sales slow down for the year ended Nov. 30 was expected. Last November, it said it would close one third of its U.S. manufacturing plants amid a long-term slippage in its U.S. market share. Levi's is being squeezed by private label brands, such as **J. C. Penney's** Arizona Blues, and big-name designers like **Ralph Lauren**. Since Levi's is closely held, it doesn't release detailed financial results. The company's fiscal 1996 sales rose 6%.

FROM *THE WALL STREET JOURNAL* – FEB. 9, 1998

The world-wide management-consulting business is expected to grow 56% to about \$114 billion by the year 2000, driven by technological change and globalization of the marketplace. "The stars are definitely all lined up for the advice industry", says Tim Bourgeois, director of Kennedy Research Group in Fitzwilliam, N.H., which tracks the consulting industry. Kennedy expects information technology to account for 70% of consulting work by 2000, up from 64% now."

--Brad Humphries

MEETING ANNOUNCEMENTS:

Vendor Information Session (Atlanta Office)

Who: Buschman Conveyor (Tom Schulte -- new KSA rep)
What: Intro and brief info session on Buschman
Where: Ansley Room
When: Monday, February 16th (10:30 am)

Tom is the new Buschman rep and he has worked with KSA in the past. He will be discussing the following. Please join us in the Ansley Room if you have a few minutes on Monday!

Introduction

1. Equipment Application
 - Sorters
 - Pop-up Belt
 - Pop-up Chair
 - Swivel Wheel
 - Pop-Wheel
 - Moving Slat Sorter
2. Inductions to Sorters
 - Manual

- Blow through
 - High Speed – Single Line
 - High Speed – Multi Line
 - Very High Speed Multi-Line
3. BOSS Controls
 4. Accumulation Conveyor
 5. Electrical Amp Requirements

---*Leanne Smullen*

SOFTWARE PROVIDER TO VISIT KSA ATLANTA

GERS, a retail oriented software provider is scheduled to visit KSA Atlanta on February 20 from 11-3 p.m. GERS provides merchandising and other modules to the speciality retail segment, in line with KSA's target client set. Please plan to attend the session to learn more about a major solution provider. 2-3 GERS professionals will demo the product and help us understand the unique functional features of the solution. Plus, Dave will buy lunch. Thanks.

--- *Dean Sivara*

NOTES, NEWS & NONSENSE

BEST PRACTICES FOR MASTERING HECTICITY

What the heck is hecticcity? Management consultant, Tom Brown, coined the term to describe the persistent level of hecticness we face as businesspeople. As we juggle multiple demands, absorb information deluge, and travel across time zones (and sometimes continents!) it is easy for people to feel overwhelmed.

Jerry Tucker, of Learning Solutions at GTE, offers the following suggestions for mastering hecticcity:

- ✓ Check in with your team to insure you are operating with the same goals and priorities.
- ✓ Find people you can trust and delegate to and empower them as much as possible.
- ✓ Learn to meditate or practice relaxation techniques at least once a day. Twenty minutes of focused mind clearing can improve a whole day's productivity.
- ✓ Schedule *sanity time* for yourself during the week for being alone or with family, pursuing outside interests. Make sure this time revitalizes you. (Painting the garage may not fall into this category!)
- ✓ Consider transition time when scheduling meetings, appointments.
- ✓ Create a packing system that reduces pre-airport stress (e.g. toiletries ready to go; clothes that match, resist wrinkles)
- ✓ Cultivate your sense of humor and sense of perspective.
- ✓ Laughing at life's foibles keeps you sane.
- ✓ Not sweating the small stuff keeps you calm.

According to Tucker: "It helps to recognize that if we can't change the workload, we can change ourselves. And we can change what we do to make our work more manageable."

---Pam Beckerman

**FROM ALEXANDER FORBES COMMUNICATIONS DIVISION, SOUTH AFRICA
CAR THEFT: MISSING YOUR MERCEDES?**

H A! Now there's a criminal with style! Although crime seems to be the best paid profession in South Africa at the moment, it is still not as sophisticated as in some of the other parts of the world. A gentleman based in Bogota, Colombia, tells the story of a fellow American whose new Mercedes Benz was stolen off the street. The next day, he received a phone call demanding a \$10,000 ransom. On the advice of his insurers, he paid up, and the robbers duly left his car where he could find it.

The next day they phoned again, saying that because he had paid so promptly, his car was "insured" against theft for a full year. A week later, however, his Merc was gone again. The same thieves phoned to demand \$10,000. "But it's not fair," protested the victim, "you stole my car before and promised it wouldn't happen again for 12 months." After first protesting that this was impossible, the caller promised to check, and the victim could hear computer keys over the phone. Finally, the caller was back on the line, full of apologies, and told the victim where his Merc could be found. When he got there the American found not only his car, but also a bottle of French Champagne on the front seat, as well as a card apologizing for the mistake and the inconvenience.

---Melissa McPhail

IMPORTANT DATES:

Happy Birthday to:

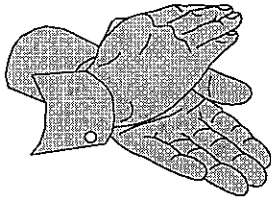


Todd Barr 2/10

Jeff Boudreau 2/14

Karl Swensen 2/14

*Happy **KSA** Anniversary to:*



Jeanette Townsend 2/16/96

the HOT SHEET

vol. 7 no. 22

February 6, 1998

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

"I make the most of all that comes and the least of all that goes."

--Sara Teasdale



EDITOR'S NOTE:

Vendor Information Session (Atlanta Office)

What: Discussion of concrete floors and Ashford Formula. Here are the details:

Who: (Darrel Gunby) Gunby Concrete (Les Koberg) Ashford Formula rep

When: Next Monday, February 9th at 9:30 am

Where: KSA Atlanta (6th Floor conference room)

Darrel Gunby of Gunby Concrete Construction will talk briefly about:

- How to get a flat floor
- How to determine level of flatness
- Using less manpower
- Finishing techniques
- The benefits of using a Laser Screed over other means of placing concrete (don't ask, I don't know what that means yet!)

Les Koberg of Koberg Fluid Systems (manufacturer's rep for Ashford Formula) will discuss:

- Benefits of using Ashford Formula compared to other sealers
- Cost comparison of Ashford Formula versus other cure/sealers
- Short- and long-term advantages of the product
- Application procedures

Each presentation will be limited to 15 minutes each, giving us time at the end to ask questions of both reps. If you are currently working on a design project (or will be soon), this will be valuable information. Bring a cup of coffee and join us!

--Leanne Smullen

PROJECT POSTCARDS

Look what appears on the agenda for the NCOF:
Case Study: Implementing Monetary Incentives
For Continuous Improvement in the
Distribution Center



Objective: Management at Norm Thompson Outfitters was challenged with the need to become more competitive in the tight labor market while meeting the corporate initiative of reducing labor costs.

Hear how the monetary incentive program they put in place cut labor costs, maintained customer service levels, boosted company morale, and increased productivity by over 50% and saved hundreds of thousands of dollars in annual labor expense. The qualitative and quantitative benefits of monetary incentives. The six keys to Norm Thompson's success. The steps and timeline for implementing a monetary incentive program. The resources and tools needed to implement the incentive program. The training used to prepare the management team and associates for the program. How to keep the program going and realize the benefits, year after year. When to use individual, team and reflective performance measurements. How to define performance and motivate more than just productivity. How to get the buy-in of your associates and the significant difference it makes.

Guarantee: When you leave this session you will know when and how to implement a monetary incentive program and how to justify it. You will see and hear firsthand what it takes to develop and implement a successful, sustainable monetary incentive program, and how it can impact your bottom line. Speaker: Rob Glockner, Vice President of Operations for Norm Thompson, is responsible for the mail order and retail distribution centers and the customer center. His involvement in re-engineering efforts and incentive programs implemented during the past year resulted in over \$700,000 in annual labor savings and considerable improvements in customer service. Previously, Rob was a manager for Kurt Salmon Associates, where he served as a logistics consultant.

Kudos to **Mohan Komanduri** and **Brad Jenkins** (with guest appearances by **Suzanne Dencker** and **Kirk Ziehm**) for installing the type of program that is worth presenting to Catalog and Order Fulfillment Operations Executives and for installing it in such a way that our client is the one bragging about it.

---Jane A. Griesinger

I received a cartoon of "Frank & Ernest" from one of our client sponsors here at Consolidated Stores. It refers to their impression of how Dan Purefoy engineered the standards in the Stock area. There are over 50 standards that we implemented.

---Troy Van Wormer



THE BLOCKBUSTER IMPLEMENTATION TEAM

The Blockbuster Implementation Team would like to welcome **Jon Watschke**. Jon joins us from Penn State, where he majored in Business Logistics. His VERY FIRST DAY at KSA was spent here on site in McKinney, Texas, just north of Dallas. The project team of **Randy Moore, Raj Kumar, Jana Hughes, Scott Sangrey, Brad Jenkins, Chris Dowd, and Eddie Perez** is dedicated to making Jon's start a smooth one -- welcome, Jon!

Believe it or not, it's 17 months and counting that we've been on site. We're currently tackling three initiatives. Jana and Brad are working hard to train all associates on Methods and Procedures developed over the past several months. Scott, Chris, and Eddie are starting User Acceptance Testing for all automation and WMS upgrades, as well as providing startup assistance for the building. And Jon is getting up to speed in the wonderful world of Blockbuster Entertainment.

There are several upcoming milestones barreling down on us with disconcerting swiftness. The first is a February 17 startup date for shipping music product without use of the crossbelt sorter. The second is a March 9 startup date for shipping video product without the sorter. Finally, the mother of all milestones is a March 30 go-live date for full automation. As you can imagine, we're up to our ears here with punchlists and training manuals, and the pace has picked up rapidly since the holiday. We'll keep you posted on all the gory details as they occur!

If you're ever in Dallas, look us up -- we'll be here for a while!

---Chris Dowd

INDUSTRY INSIGHTS:

FROM MATERIAL HANDLING ENGINEERING – JANUARY, 1998

Kurt Salmon Associates, an international management consulting firm, predicts that the soft goods market will experience a four-percent gain in 1998. In its annual survey of retailers and apparel, hosiery, footwear and textile manufacturers, KSA found across-the-board optimism for sales in the coming year.

Retail respondents expect casual wear and women's jeans to be bright spots in 1998, and plan to invest more in store renovation and training.

--*Leanne Smullen*

FROM *DM NEWS*, JANUARY, 1998

J. CREW LAYS OFF 100 SALARIED WORKERS

J. Crew Group, New York, has dismissed 100 workers, or 10 percent of its salaried employees, following a year in which the company's overall sales remained flat and flagship J. Crew catalog sales were particularly disappointing.

The company is expected to report overall sales of more than \$830 million for the 1997 fiscal year ending Jan. 30, which compared with last year's figures estimated by a spokeswoman at \$810 million, represents an increase of 2.5 percent.

--*Sharon Anderson*

VENDOR VITTLES:

SURVEY OF THIRD-PARTY LOGISTICS PROVIDERS

Results from an annual survey of logistics directors of Fortune 500 manufacturers on the use of third-party logistics services show little change in the last few years. One truckload carrier, Schneider Logistics, entered the top three in '97.

	'97	'96	'95
1st place	Ryder	Caliber	Ryder
2nd place	Schneider	Ryder	Menlo
3rd place	Caliber	Menlo	Caliber

Source: Distribution, 12/97 - Mercer Management Consulting

--*Tom Clement*

RECENT REQUESTS:

The Kay Bee Toy DC in Columbus, OH would like to enhance their current Non-monetary Awards program. They are looking for some interesting or innovative approaches that we've assisted other clients in implementing. They currently have established performance clubs; roster boards, a newsletter and periodically they hold luncheons for top associates. They are particularly interested in a "Performance Points for Rewards" type of program similar to that offered by AMEX and the phone companies whereby you save up points earned for big ticket items (i.e. TV's, stereos, etc.) of your choice. We would also appreciate any creative ideas on forms of recognition that you've seen work well. All ideas would be greatly appreciated, as would any documentation that you could forward. Thanks in advance.

--*Troy Van Wormer*

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NOTES, NEWS & NONSENSE

MANAGING GENERATION X – AND EVERYONE ELSE

Adapted from *Practical Supervision*, a newsletter published by Professional Training Associates

The press uses the term Generation X to describe *twenty something* employees who are characterized as wanting more independence and opportunities to make an impact in the work place. (*Since many of you are Gen Xers, let me know if this rings true!*). Experts point to five keys to effectively supervising Gen X staff:

1. Share “ownership.” Encourage team members to offer ideas, suggestions, and information that might improve the project. Break large projects into smaller tasks, and divide “ownership” of those tasks among your team members.

2. Set clear standards and firm deadlines. Get your team members to agree on how the project ought to turn out. When everyone buys into specific responsibilities, timetables, and requirements, the work that follows will go more smoothly and results will be better.

3. Allow for creativity and self-direction. Without relaxing quality standards, allow latitude. Understand that team members perform better and feel more satisfied if they can use their own ideas, judgment, and talent to accomplish the team’s shared goals.

4. Allow for flexibility in self-scheduling. If the deadline is five o’clock, don’t waste your energy ensuring that a specific part of the project gets done by noon. Responsible team members will deliver the whole thing on time, and to specification. Let them decide the sequence of actions they’ll follow. If they fail to meet the deadline, of course, find out why and take steps to fix the problem. It may be that the solution is to groom your team members to function *more* independently.

5. Provide meaningful feedback. At regular intervals, and after every major activity, you owe your team members a fast, fair, and specific two-way discussion of what they did well, what they did poorly, and how they can improve. This feedback builds strong teams and team members by allowing people to learn from their mistakes, to understand more about their jobs, and to feel good about their successes.

These five strategies may appeal particularly to Gen X workers, but the approach they suggest will win a positive response from nearly everyone on your team. Try it and see!

HERE IS AN INTERESTING LITTLE NEWSCLIP FROM *REUTERS NEWS*

***** NEW YORK'S 5TH AVENUE IS WORLD'S COSTLIEST STREET**

At \$580 per square foot, a stretch of New York's glitzy Fifth Avenue maintained its rank as the world's most expensive street for the second year in a row, according to a new study of retail rents released Wednesday. Fifth Avenue between 48th and 57th Streets was followed by East 57th Street between Fifth and Madison Avenues, also in New York, with rent of \$500 a square foot, the study said. Of the 10 most expensive streets in the world, seven are in the U.S. and one each is in London, Paris, Tokyo and Hong Kong. Hong Kong's Nathan Road tied San Francisco's Union Square for ninth at \$250 a square foot.

---Enrique Morales

FOR THOSE OF YOU WHO HAVE HAD THE PRIVILEGE TO WORK WITH PILOTS...

An airline pilot wrote that on this particular flight he had hammered his ship into the runway really hard. The airline had a policy, which required the first officer to stand at the door while the passengers exited, give a smile, and a "Thanks for flying XYZ airline." He said that in light of his bad landing, he had a hard time looking the passengers in the eye, thinking that someone would have a smart comment. Finally everyone had gotten off except for this little old lady walking with a cane. She said, "Sonny, mind if I ask you a question?" "Why no Ma'am, what is it?" "Did we land or were we shot down?"

"Welcome aboard Southwest Flight XXX, to YYY. To operate your seatbelt, insert the metal tab into the buckle, and pull tight. It works just like every other seatbelt, and if you don't know how to operate one, you probably shouldn't be out in public unsupervised. In the event of a sudden loss of cabin pressure, oxygen masks will descend from the ceiling. Stop screaming, grab the mask, and pull it over your face. If you have a small child traveling with you, secure your mask before assisting with theirs. If you are traveling with two small children, decide now which you love more. Weather at our destination is 50 degrees with some broken clouds, but they'll try to have them repaired before we arrive. Thank you, and remember, nobody loves you, or your money, more than Southwest Airlines."

United Airlines FA: "Ladies and Gentlemen, as you are all now painfully aware, our Captain has landed in Seattle. From all of us at United Airlines we'd like to thank you for flying with us today and please be very careful as you open the overhead bins as you may be killed by falling luggage that shifted during our so called "touch down."

About 5 or 6 years ago I was on an American Airlines flight into Amarillo, Texas on a particularly windy and bumpy day. I could tell during the final that the Captain really had to fight it, and after an extremely hard landing, the Flight Attendant comes on the PA and announces, "Ladies and Gentlemen, welcome to Amarillo. Please remain in your seats with your seatbelt fastened while the Captain taxis what's left of our airplane to the gate!"

Another flight attendant's comment on a less than perfect landing: "We ask you to please remain seated as Captain Kangaroo bounces us to the terminal."

Overheard by a guy giving rides: "Sorry about the rough landing, but I'm practicing for a job at Continental. Next time I'll try to lose your luggage."

Upon landing hard, the pilot gets on the PA system, "Sorry folks for the hard landing. It wasn't the pilot's fault, and it wasn't the plane's fault. It was the asphalt."

---Mike Jenkins

IMPORTANT DATES:

Happy Birthday to:

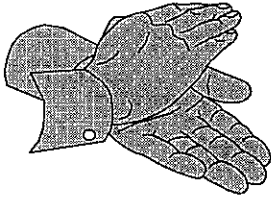


Ken Walker 2/7

Scott Sangrey 2/8

Todd Barr

*Happy **KSA** Anniversary to:*

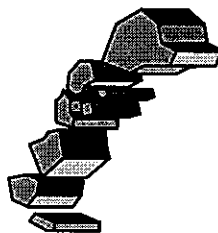
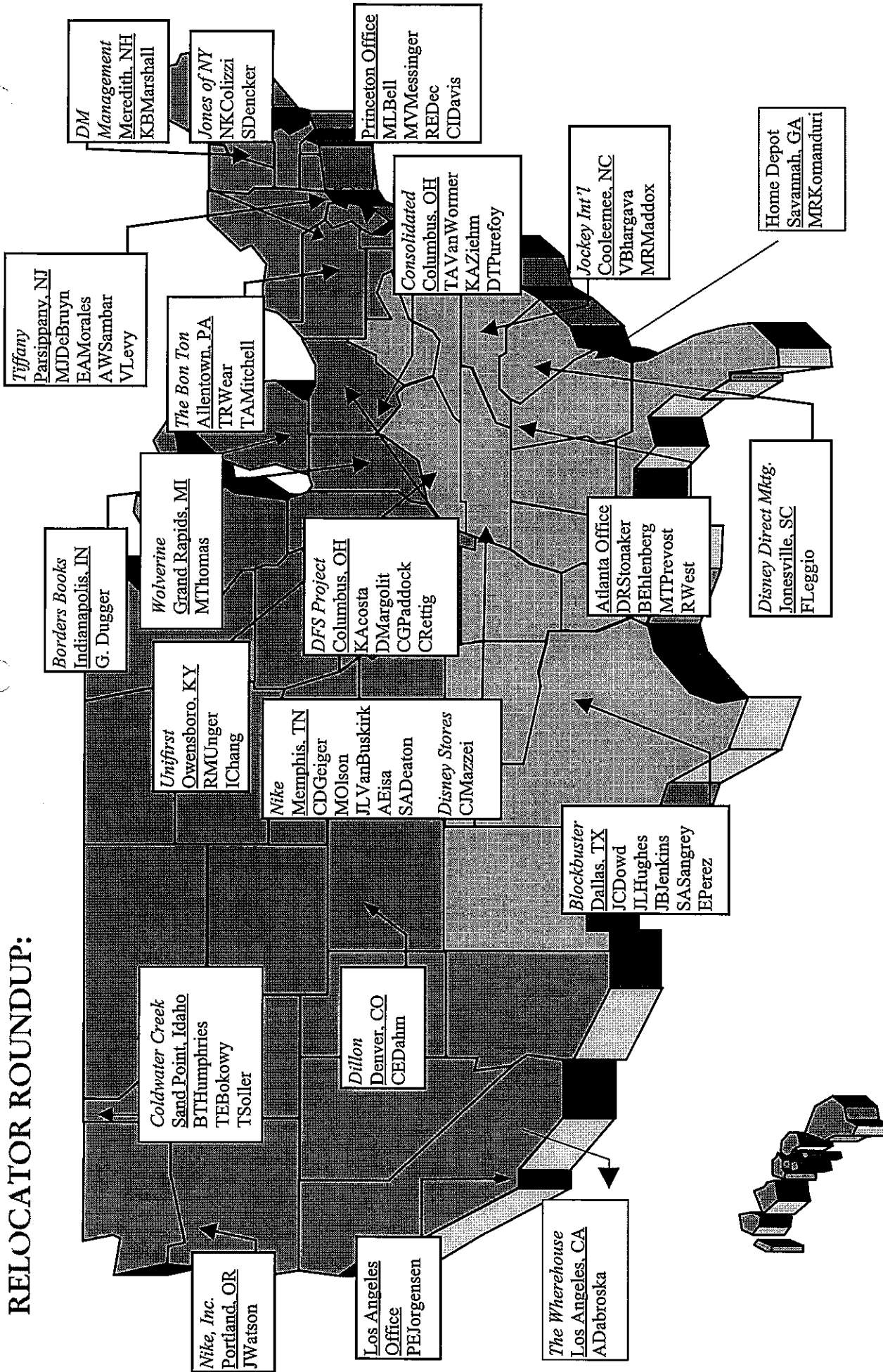


Al Sambar 2/1/95

Kevin Boutin 2/10/97

David Hamaty 2/12/96

RELOCATOR ROUNDUP:



QUOTE OF THE WEEK:

“He that can have patience can have what he will.”

--Benjamin Franklin

EDITOR’S NOTE:

We’ve brought back our popular “In The Spotlight” section for your enjoyment. Every few weeks Sharon will send out questionnaires to a few consultants. If “you’re it” that week, please fill it out and return it to Sharon. Since we’re all over the globe, we feel it’s a great way to get to know each other a little bit better. Feel free to add your style to it.

---Leanne Smullen



KSAer “IN THE SPOTLIGHT”:

Please welcome **Marc Bessho** to the Client Services group within Logistics Systems. Marc recently graduated from Georgia State University with an MBA in Information Systems and International Business. His undergraduate degree in Mathematics was also earned at Georgia State. (We’ll have to get Marc and **Jan Watson** together to discuss Fermat’s Last Theorem!)

Marc spent a number of years in both active duty and the reserves for the U.S. Army after his undergraduate studies, and while working on his MBA. Several Army assignments involved Military Intelligence (no oxymoron comments, please) including action during Desert Shield/Storm. No doubt he’s got some great stories to tell... but then he’d have to kill you.

We asked Marc to respond to some of the infamous "let's get to know them better" questions that you all have seen before. Here's a sampling of Marc's responses:

- | | |
|------------------------------------|---|
| 1. Place of birth: | Paris, France |
| 2. Marital status/children: | Single/No Dependents |
| 3. Hobbies: | Outdoor recreation, running/fitness |
| 4. Most interesting place visited: | Isla Mame, Republic of Panama (great dive spot) |
| 5. Biggest regret: | Nothing that can't be remedied |
| 6. Favorite movies: | Casa Blanca, Seven Samurai |
| 7. First album/CD purchased: | Beatles' White Album |

Marc's initial assignment with KSA will be to help the Disney Direct Marketing team with their DCMS implementation. Shortly thereafter, he'll be learning just what the heck DCMS is! Please stop by and welcome Marc to KSA and the Logistics team.

PROJECT POSTCARDS: THE DISNEY STORE DC RECEIVES!

Just wanted to update you on the latest here at **The Disney Store Facility Implementation Project**. After almost two years, endless hours dedicated to the project, and a list of people involved too numerous to begin to mention, The Disney Store DC in Memphis, TN received its first product. On our first day, we received approximately 10,000 cartons and finished off the week at a little over 50,000 cartons (not bad for week one!). The cast members working on Transition were recently training during our two week Inbound Training course. We are happy to see them performing well and getting an opportunity for additional practice before we "go 100% live"%. Transition of merchandise from Disney's existing facility and system will take place over the next three weeks with a projected start ship date of February 17th.

Along with Transition, we began Training the 100+ Outbound Cast Members on Monday of this week. Outbound Training will last for two weeks and includes (stock movement, less than case (Flow Rack Picking), Tilt Tray, Put To Store, Outbound Processing, and Shipping.) Training material to be used includes approximately 20,000 cartons and over 100,000 bags of rags made to simulate grabs of real merchandise. The first day of training was an orientation to the building and included several team building break-out sessions including a Disney Distribution Olympics. Events included pallet building, box making, and a pinnate-breaking contest. Prizes were awarded for the winner of each event and everyone had a blast. One of the client engineers summarized the exercise by saying, "I don't think we have fully tapped into the competitive spirit of the cast yet. All this for a couple of key chains; imagine what they would do for some good prizes." Sounds like reason enough to me for an incentive program! First things first though - we will have our hands full for the next few months during Start Up. We'll keep you posted!

---Chris Mazzei

ENGINEERING DOCUMENTATION GOES HOLLYWOOD...

Because we love Engineering Documentation soooo much, we have decided to add something else to the seemingly endless checklist - videotaping!

Here at the **Jones New York BasePlus Maintenance Project** we are videotaping all the on-standard operations to use as a supplement to the Engineering Documentation. Like most of the garment industry, the conditions and processes at Jones change seasonally. In addition, they are growing at a rapid rate and continuously increasing and adding new technologies. Even though Jones has implemented technologies such as RF devices and a new warehouse management system, the standards have not been looked at since our original project five years ago.

The idea for videotaping came about when we began looking at old engineering documentation in order to update the standards and found the need for someone to remember what it looked like when the standards were first installed. For example, in GOH Stocking, our time study data showed the standards to be over 30% loose. After racking our brains to come up with reasons for the difference, we talked to Doug Means who was on the original installation project. He was able to remember that five years ago, they used plastic hangers rather than the VICS standard

ones they now use. The new hangers are thinner, allowing the Stockers to grab more at a time, and easier to hang on the rails which account for the looseness in the standards.

Engineers can use the videotapes to verify conditions, elements, methods, etc. to further assist in maintenance of the standards.

Jones was so excited by the idea of videotaping that we are going to enhance the videos (assisted by the Training Manager and the DC Special Projects Chairman) to use them for training purposes. Pending the successful execution of videotaping (including removing bloopers) we will be happy to send examples and/or an evaluation of this tool.

---*Neysa Colizzi and Suzanne Dencker*

INDUSTRY INSIGHTS:

THE WALL STREET JOURNAL, WEDNESDAY, JAN. 28, 1998

BARNES & NOBLE, DISNEY TO UNVEIL AGREEMENT TO SELL BOOKS ON WEB

Barnes & Noble Inc. and Walt Disney Co. are expected to announce today an Internet-marketing pact in which Barnes & Noble becomes the exclusive bookseller on Disney's popular Web site. The bookseller will also open a special on-line boutique for Disney titles on its own site.

THE WALL STREET JOURNAL, WEDNESDAY, JAN. 28, 1998

Guess Inc., which has been buffeted by faltering demand for its clothing, said it expects to report "break-even results or a modest loss" for the fourth quarter. In the year-earlier quarter, Guess reported earning of \$11.9 million, or 28 cents a share, on revenue of \$139.3 million. The Los Angeles company, which sells designer jeans and other apparel, said the results would trail analysts' expectations.

---*Sharon Anderson*

(EXCERPT FROM THE *AMR REPORT ON SUPPLY CHAIN MANAGEMENT, NOV. 1997*) BAAN TO UNTANGLE WM AND HEDGE BETS IN BAAN V

As it prepares to roll out Baan V, Baan is pursuing the same two-tier strategy as SAP. Baan will provide certified standard interfaces to WMS partners to meet high-end need, and will extend the capabilities of its own application to meet low and moderate need. This strategy promises to reduce cost and risk for customers needing deep WMS functionality, while providing an integrated, scaleable, configurable WMS solution.

Through Baan IV, WMS functionality has been widely scattered across at least three modules: Manufacturing, Sales, and Purchasing. This has complicated efforts to interface Baan IV with best-of-breed WMS vendors. In Baan V, WMS functionality will be decoupled from these components and consolidated in a single component as Warehouse Management (WM). Baan plans to release WM in 1Q98 as a component of Baan V. The rollout could extend 18 months from this date.

WM will provide connectivity to best-of-breed WMS applications through a set of generic interfaces. Baan will provide certified interfaces between WM and other Baan V components,

and between WM and specific advanced WMS functionality not provided by Baan V. Such functionality includes yard management, planning for equipment, labor and space, slotting, task interleaving, and real-time process monitoring. The latter tactic makes Baan a natural alliance partner for WMS vendors that have committed to componetizing discrete pieces of functionality. Baan will designate a few WMS vendors as Certified Local Partners for joint development of certified interfaces. No vendors have been named so far.

--Chris Dahm

VENDOR VITTLES:

FROM *THE WALL STREET JOURNAL*, JAN. 26, 1998

HOLDING FIRM, FDX CORP., FORMED AFTER ACQUISITION

Federal Express Corp. formed a new holding company, **FDX Corp.**, after the completion of its \$2.4 billion acquisition of **Caliber System Inc.** of Pittsburgh. FDX comprises Federal Express Corp., a Memphis, Tenn., express-delivery concern, and Caliber, a non-express package-delivery company that includes **RPS Inc.** FDX shares began trading yesterday on the New York Stock Exchange, closing at \$664375, up \$2.3125 in composite trading.

Editor's Note: Caliber Logistics, the third party logistics vendor, is part of Caliber System Inc., and now part of FDX Corp.

FROM *PR NEWSWIRE*, JAN. 27, 1998

InterTrans Logistics Solutions, a developer of leading edge, enterprise-wide supply chain logistics solutions; announced today that Landstar Logistics has gone live on its Freight Management and Freight Optimizer systems in just four months.

InterTrans Logistics Solutions announced today that its Venture Freight Management Client/Server Version 3.0 application is one of the first transportation/logistics systems to have completed certification to the SAP R/3 Transport Planning and Optimization Systems interface.

--Sharon Anderson

RECENT REQUESTS:

SEARCH FOR INDUSTRIAL ENGINEERS

Jones Apparel Group is looking to fill three Industrial Engineering positions in its Distribution Centers:

- One experienced (two to five years) Industrial Engineer - Bristol, Pennsylvania
- Experience should be in traditional IE tasks including time study, methods engineering, human factors, and work measurement. Tasks will include standard maintenance, work measurement, facility layout, system enhancement and implementation, communication with operation management, etc. Some travel required. Strong oral and written communication skills as well as PC skills required (MS Office). Ability to work on multiple projects and work well with others is essential. Distribution and/or apparel experience a plus.

- Two entry-level Industrial Engineers - Bristol, Pennsylvania and Lawrenceburg, Tennessee
 - Tasks will include time study, methods engineering, work measurement, facility layout, systems implementation, etc. Strong oral and written communication skills as well as PC skills required. Ability to work on multiple projects and work well with others is essential.

Jones is an outstanding company that is growing rapidly. The engineers will be involved in seeking out and implementing progressive technologies. Please forward resumes of any qualified candidates via email or to my attention at Jones Apparel Group (215) 781-2283.

---Neysa Colizzi

NOTES, NEWS & NONSENSE

GREAT NEWS FROM RECRUITING!

We have hired 11 new KSA Logistics consultants from the recent Fall Campus Recruiting effort! And we still have six offers outstanding! These are tremendous results and reflects everyone's dedication and hard work toward Recruiting! The new KSA'ers are:

Jon Watschke - Penn State
 Tim Copland - Illinois
 Elisabeth Goldstein - Northwestern
 Dawn Kale - Georgia State
 Steven Osburn - Texas A&M
 Brenda Steele - Cornell
 Aaron Todd - Cornell
 Anika Ball - Michigan
 Arshad Ashraf - experienced hire from the MIT campus recruiting team
 Scott Vanags - Georgia Tech
 Diallo Tyson - Morehouse

At this point, we have only had five candidates reject KSA's offer. This provides Logistics with about a 70% conversion rate, which is outstanding!

Credit goes to everyone involved in the recruiting effort. No matter what step of the process you may have been involved in, each person's contribution is extremely important. Whether you helped with the pre-recruiting slide show, interviewed them in the office, took a candidate to lunch, entertained them at your project site, or simply sent them an e-mail message, you played a vital role in this success! Thanks again, and we will keep you posted with additional news!

---Randy Moore

ADAPTED FROM *KEEP THE TEAM GOING* BY DEBORAH HARRINGTON-MACKIN CONDUCTING A TEAM ASSESSMENT

Teams can get stuck. If you are not getting the performance you expect out of a team, here is a series of questions to help you assess possible needs:

Organizational alignment. Does the team have written statements of vision, values,

and roles? Do these statements need to be updated as things have changed?

Goal clarity. Are there clearly stated common goals? Do action plans exist to meet those goals?

Leadership. What types of leadership styles are prevalent within the team? How effective are they? Is there enough shared leadership?

Roles. Is there clarity and diversity in the roles being performed? Are both task and social roles receiving attention?

Norms. Does the team have enough rules, guidelines, agreements, and policies to guide their actions?

Team participation. Are tasks shared appropriately? Do all members have opportunities to add ideas, get involved in decisions?

Team meetings. Do meetings start and end on time? Are the right people attending them? Are agendas used? Are discussions properly facilitated? Are areas of progress, follow up items summarized at the close of meetings?

Competency. Do people have the right skills and training?

Communication. Are people open and honest with one another? Do they keep each other informed? Do they share constructive feedback?

Atmosphere. What is the climate within the team? Warm, cool, energetic, lethargic? What behaviors are common found? Confronting, joking, supporting, competing?

Decision-making. Does the team consider all relevant factors and alternatives? Does the team seek consensus for decisions that affect the entire group?

Conflicts. What norms exist for managing conflict? How are negative feelings handled?

Performance management. How is performance measured? How are incentive systems working?

Boundary management. How well does the team interact with customers, suppliers, and others within the organization?

---Pam Beckerman

A FEW THOUGHTS FOR YOU.....COURTESY OF GEORGE CARLIN....FORWARDED BY
ED ANTOSEK, 1/22

Hi, Guys! A grin forwarded by Ed Cam, you really should put Ed on your joke list. I think I've seen this one before, but he's sent some doozies this week!

1. If someone with multiple personalities threatens to kill himself, is it considered a hostage situation?
2. Instead of talking to your plants, if you yelled at them would they still grow, only to be troubled and insecure?
3. What's another word for synonym?
4. Isn't it a bit unnerving that doctors call what they do "practice"?
5. When sign makers go on strike, is anything written on their signs?
6. When you open a bag of cotton balls, is the top one meant to be thrown away?
7. Where do forest rangers go to "get away from it all"?
8. Why isn't there mouse-flavored cat food?
9. Why do they report power outages on TV?
10. What should you do when you see an endangered animal that is eating an endangered plant?
11. Is it possible to be totally partial?
12. If a parsley farmer is sued, can they garnish his wages?
13. Would a fly that loses its wings be called a walk?
14. Why do they lock gas station bathrooms? Are they afraid someone will clean them?
15. If the funeral procession is at night, do folks drive with their headlights off?
16. If a stealth bomber crashes in a forest, will it make a sound?
17. If a man speaks in the forest and there is no woman to hear him, is he still wrong?
18. If a turtle loses his shell, is it naked or homeless?
19. Why don't sheep shrink when it rains?
20. Should vegetarians eat animal crackers?
21. If the cops arrest a mime, do they tell him he has the right to remain silent?
22. Why do people who know the least know it the loudest?
23. If vegetarians eat vegetables, what do humanitarians eat?

---Cameron Geiger

IMPORTANT DATES:
Happy Birthday to:

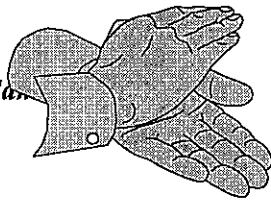


Mahesh Lad 2/2

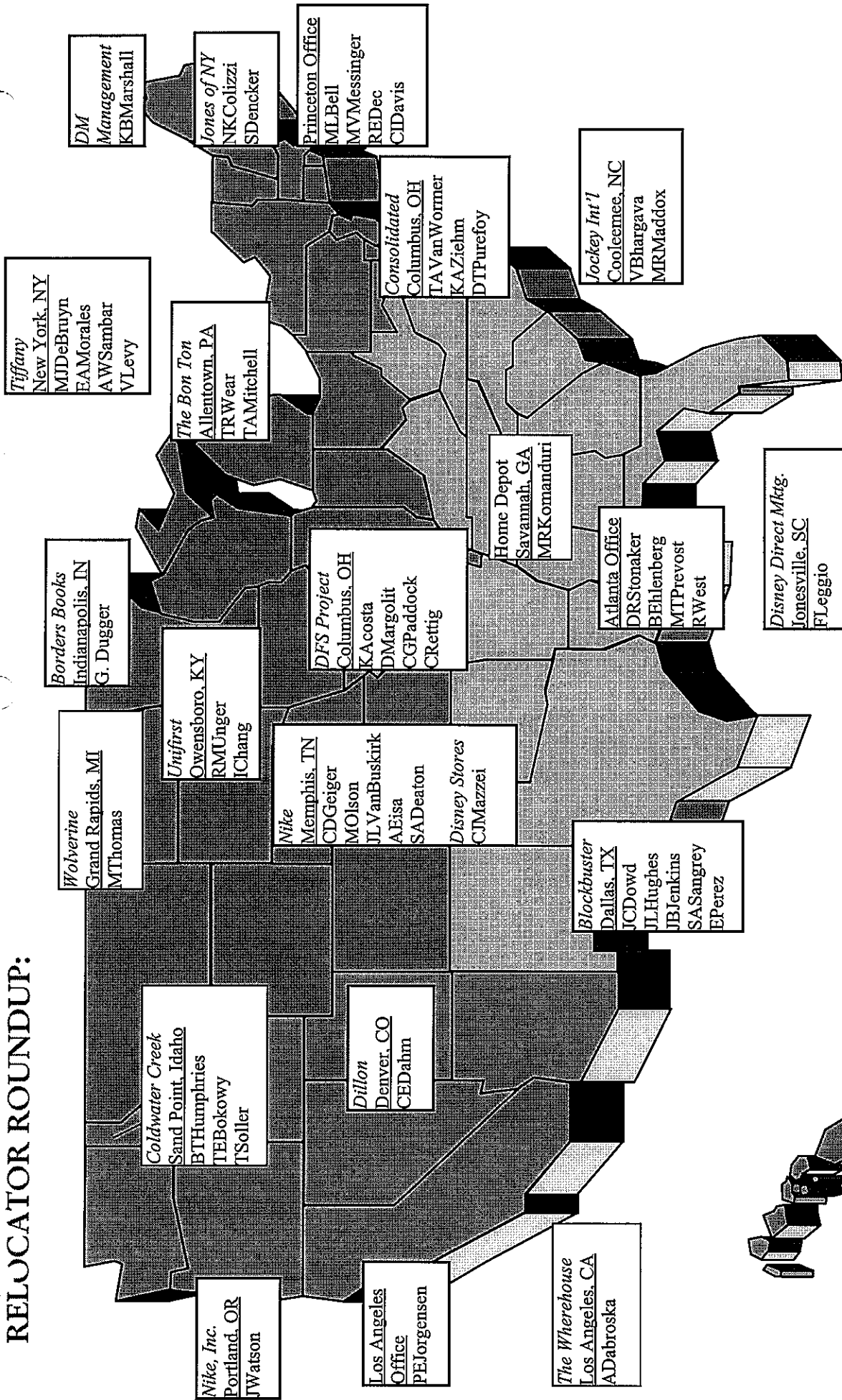
Suzanne Judd 2/5

*Happy **KSA** Anniversary to:*

Al Sa...



RELOCATOR ROUNDUP:

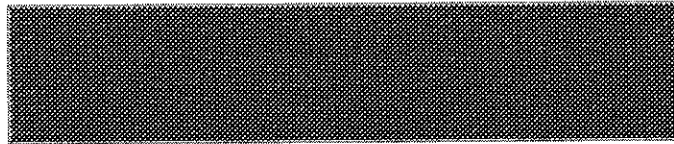


QUOTE OF THE WEEK:

Them that's going, get on the wagon. Them that ain't, get out of the way.

--The Rev. Martin Luther King Jr., quoting a Georgia preacher

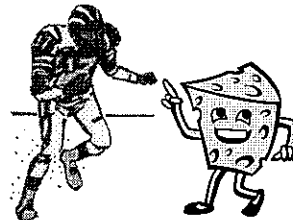
PUBLISHER'S NOTE:



COMMENTARY: DOES NOT NECESSARILY REFLECT THE VIEWS OF MY SPONSOR!

I must admit that most everyone would like to see the "Old Man" Elway win one before he goes out. But I'm sorry. I'm from Cleveland. I say, Cheesheads roll on! Take the SuperBowl! Besides Elway, you had four chances to win in the past. Maybe next year, AFC. I know I'll get your letters if Denver wins!

--Sharon Anderson



EDITOR'S NOTE: GO GREEN BAY!

PROJECT POSTCARDS:

THE WHEREHOUSE

We are fortunate here at **The Wherehouse** to be able to work with The Wherehouse's Director of Learning and Development, Randy Esada, when conducting leadership-training sessions. Working with Randy, we have been able to spice up the meeting and make them more enjoyable. As we all know, if it is a fun learning environment, the client gets more involved and takes more away. Below are three games we have learned (one from Alice, used at the UK office) that kept things fun and demonstrated a point.

The Board Game - Have a group of people stand on a board, something narrow but easy enough to balance on, that is slightly raised from the ground. The goal of the group is to rearrange themselves in alphabetical order without anyone falling off the board into the lake of fire below.

No easy task. Many points can be taken from the exercise including the power of teamwork, communication, planning, reliance on others, etc.

Island Safety? - Clear a large space on the ground and put down about a 2' by 2' object that can be stood upon and that represents an island. Have one island for each person and have everyone stand on an island. The ground around each island is poisonous, and if their feet touch the ground, they die. What you don't tell them directly, is that any other part of their body can touch the ground, just not their feet. Tell them they have to move to another island, and as someone is moving, take their island away so there is one less island. Keep doing this until it gets hard to move. Keep repeating that their FEET cannot touch the ground. Once it gets crowded choose an island with a few people on it and start exclaiming, "Oh my God, this island is volcanic, it is going to blow! Everyone has to get off. Quick!" As you are doing this and people are struggling to fit on the islands, keep repeating that their feet cannot touch the ground, emphasizing 'feet' if necessary. Keep blowing up islands until someone thinks outside the box and sits down or goes to their knees or something else. Seeing this and realizing that we are saying that person is fine, everyone else sits down and is safe.

This is a game for thinking outside the box. People focus in on the islands as their safety, given the initial directions, and are forced to think differently only when there is no choice and it is too late. It also points out how easy it is to stay the course when things are good, and even falling around you a little, but that it would be better to think of other solutions while there is plenty of time.

Forming a Company - While people are sitting around the table or room, tell them they are going to form a company by tossing a ball to one another. The company produces the balls and their job is to catch it from one person and throw it to another, in no particular order. After initially forming the company by tossing the ball around the first time, have them do it again and time it. Ask them how fast they think they can get it down to if they improve the process. Ask for suggestions, taking one at a time, trying and timing each suggestion. Keep taking suggestions and trying it until they think they have the best solution. Eventually, they come to the solution of standing in a very close circle and all touching the ball at the same time, producing it in zero time. It is a good illustration of Continuous Performance Improvement and that you can always get better. In fact, their original projection and where they end up usually nowhere close to how good they can actually be, point out the vision of how good they can be.

These games do well in breaking up the potential boredom factor in leadership training sessions. In fact, the first two games do a good job in breaking people out of their shells by forcing them to interact, touch, and help each other. We found them to be very helpful in keeping things light and helping the managers and supervisors remember important points. Hope you can use them with the same success.

--Jeff DeRuiter, Alice Dabrowska, Jan Watson

INDUSTRY INSIGHTS:

JUNE 20, 1998 THE WALL STREET JOURNAL

WAL*MART STORES PICKS LEE SCOTT AS PRESIDENT OF DISCOUNT STORES

Wal*Mart Stores, Inc. named company veteran H. Lee Scott Jr., president of its core discount store unit, filling a position that had been vacant for almost two years.

The promotion of Mr. Scott, 48 years old, clearly identifies another possible candidate to succeed Chief Executive David D. Glass, who is 62. Analysts have cited as other possible candidates Bob L. Martin, 49, who heads the company's international operation, and Nick White, 52, who directs the chain's supercenter division. Mr. Scott wasn't available to comment yesterday.

Mr. Scott succeeds William Fields, who resigned from Wal*Mart in 1996. Mr. Fields, who is now chief executive at Toronto-based retailer **Hudson's Bay Co.**, had been viewed as the likely successor to Mr. Glass.

---*Sharon Anderson*

ENHANCING CLIENT VALUE

David Maister, author of *True Professionalism*, offers the following suggestions for building your value to clients. This list comes from his book, *Managing the Professional Services Firm*.

- Provide clients with prompt, written summaries of important meetings.
- Involve client in brainstorming sessions.
- Explain clearly how the project will progress and expected activities/impacts along the way.
- Make meetings valuable: know participants and their needs; send written materials in advance so meeting time is spent on fruitful discussion; keep slides simple; close by, clarifying next steps.
- Make reports valuable: write reports in a format that can be used internally; have a non-project person read the report for clarity; provide executive summaries.
- Help client use what is delivered: advise on how results should be shared inside the client organization.
- Be accessible and available.

Maister's books are quite informative and practical. They are published by **Free Press Paperbacks**, a division of **Simon and Schuster**.

---*Pam Beckerman*

VENDOR VITTTLES:

JUNE 9, 1998 BUSINESS WIRE

Phastship Logistics International, the world leader in state-of-the-art shipping software, continues its industry leadership. **UPS** and **BAX Global** recently announced certification of Phastship-2000 that provides the means for their customers to electronically connect with UPS and BAX Global.

With Phastship's Pfast Access host Integration interface to UPS, customers will be able to take advantage of the new capabilities and value-added services that can only be provided through electronic connectivity. The package information transmitted to UPS from the Pfast Access software will be combined with in-transit and delivery information captured within the UPS network. This enables UPS to offer value-added information back to their mutual customers.

---Leanne Smullen

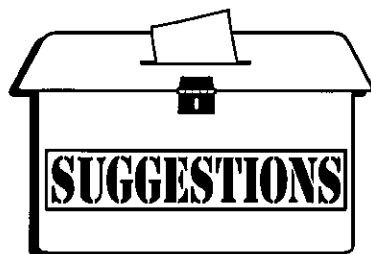
JANUARY, 1998 - AUTOMATIC ID NEWS CONTRACTS AWARDED

Home Depot will install **Telxon's** Java-powered PenClient computer mobile solutions in more than 700 stores. Configured on a cart, the computers are the first wireless thin-client application in the retail industry based on the Java operating system. Telxon also will provide professional services, such as installation and integration, for the stores' wireless networks.

Kmart has chosen **GE Information Services (GEIS)** as the primary EDI provider for its 2,212 Kmart retail outlets. GEIS will develop, implement and support the company's EDI program, and it will market EDI electronic commerce software solutions to the company's trading partners to meet Kmart's EDI requirements.

---Sharon Anderson

RECENT REQUESTS:



The Hotsheet

Do you have ideas about how to improve content, structure, etc. Items of interest not being covered? Stuff you'd rather not see? Send in your thoughts and ideas to the publisher, Sharon Anderson, or to the editor-in-chief, Leanne Smullen. Thank you for your input.

NOTES, NEWS & NONSENSE

FLIGHT INSTRUCTION

The scene is a newspaper office. The editor says to one of his reporters: There's a fire raging out of control west of town and I want you to get out there fast. And above all, get some good shots.

If that means you have to hire an airplane, just do it. Don't worry about the expense.

So, the reporter calls the local FBO and orders a plane. He rushes out to the airport, spots a small aircraft with a young pilot in it, pulls open the door, jumps in and says to the pilot: Let's go, take

off. As directed, the pilot takes off, gets up to altitude, and the reporter then tells him: See that fire raging to the west? I want you to fly over that and get down as close as you can. Incredulous, the pilot says: "You want me to fly over that fire?" Sure, the reporter says, I am a photojournalist and that's why I am here—to take dramatic shots of the fire! The pilot looks over with a quizzical look on his face and says: "You're not the flight instructor?"

---Mike Jenkins

YESTERDAY

Yesterday,
All those backups seemed a waste of pay.
Now my database has gone away.
Oh, I believe in yesterday.

Suddenly,
There's not half the files there used to be,
And there's a milestone
hanging over me
The system crashed so suddenly.

I pushed something wrong
What it was I could not say.
Now all my data's gone
and I long for yesterday-ay-ay-ay.

Yesterday,
The need for back-ups seemed so far away.
I knew my data was all here to stay,
Now I believe in yesterday.

---Melissa McPhail

Funny story: a friend was speeding in one of those states (my memory is saying New Jersey, but I may be wrong, it's been several years). A couple of weeks after he got home, he got mailed a ticket. The ticket included a picture of his license plate and was imprinted with the speed he was travelling. Being a smartass, he figured that they had mailed him a picture, so he'd mail back another. He wrote out the check, took a Polaroid of it, and sent it off. The next week, he got another thing from the state patrol in that state: a Polaroid of a pair of handcuffs. He mailed the check that day.

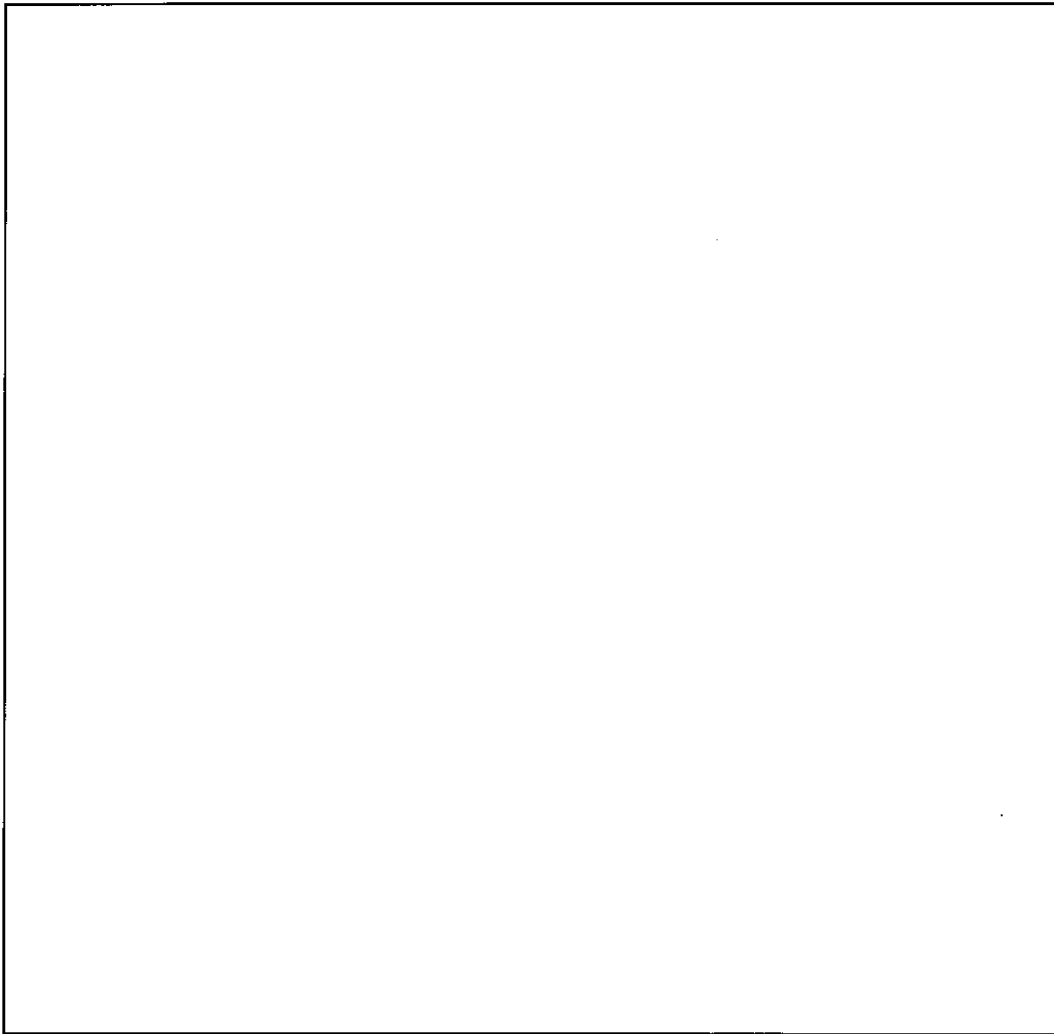
---Mike Jenkins

IMPORTANT DATES:

JEANNETTE BRADY MARRIES JOHN TOWNSEND

R *ecently, Jeannette Brady was married to John Townsend*

Troy Van Wormer and other KSA'ers attended the wedding.
Congratulations to Jeannette and John.



Happy Birthday to:



Pat Jones 1/26

Mark Messinger 1/29

Happy KSA Anniversary to:



Mike Gregory 1/18

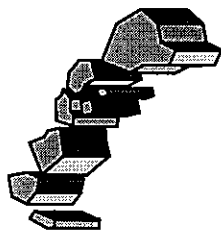
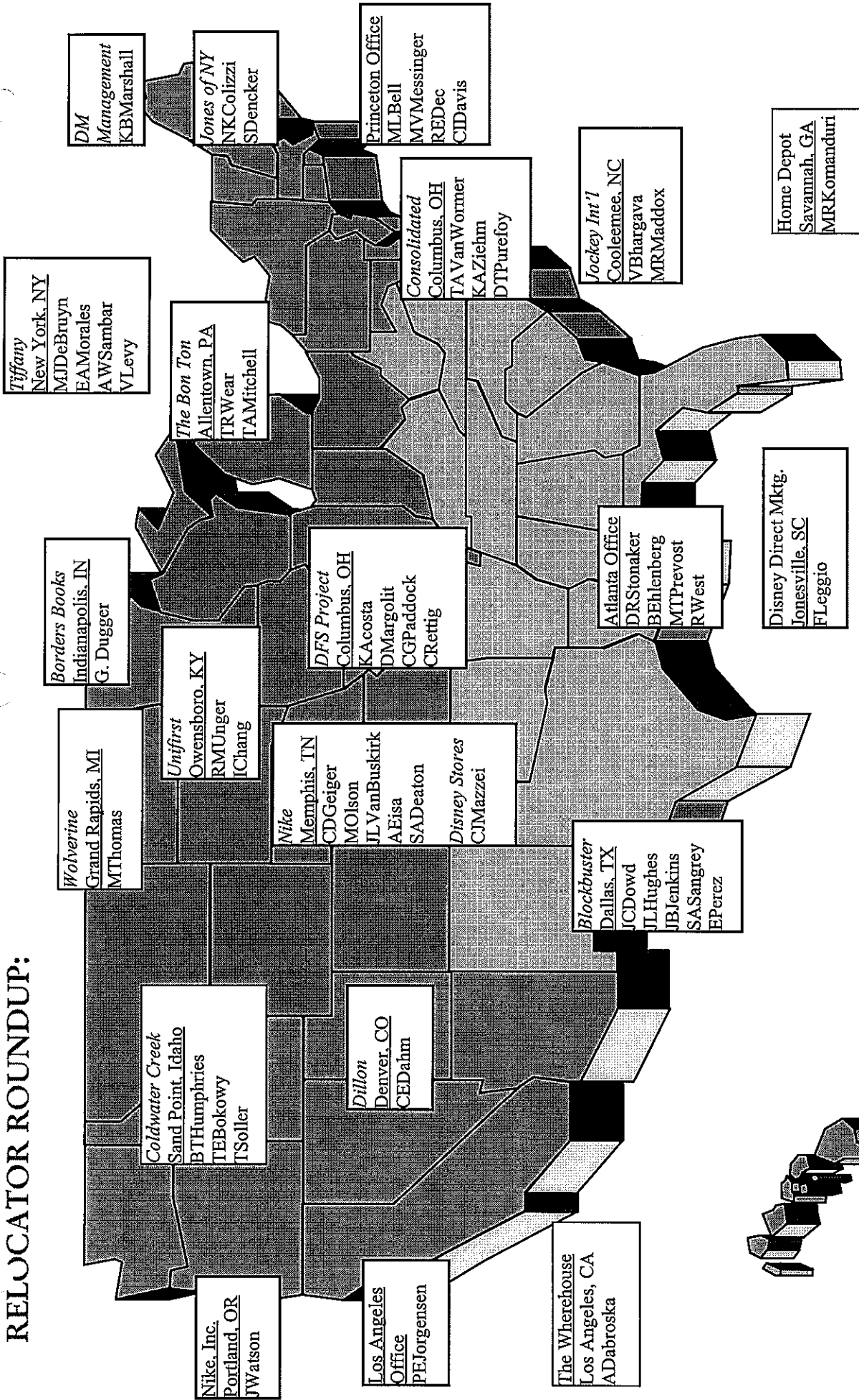
Jana Hughes 1/24

Matt Prevost 1/24

Chris Davis 1/25

Todd Mitchell 1/28

RELOCATOR ROUNDUP:



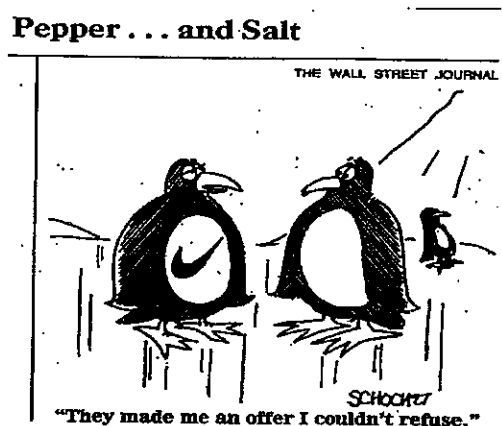
QUOTE OF THE WEEK:

“Quality is remembered long after the price is forgotten.”

---Gucci family slogan

PUBLISHER'S NOTE:

Pepper . . . and Salt



PROJECT POSTCARDS:

NIKE I.M.P.A.C.T. TEAM

Happy 1998 from the retrofit design team at NIKE! We are in the midst of ramping up our on-site presence for the retrofit project. As of the first of January, **Ashley Deaton** has officially joined the on-site team. **Scott Vifquain** will also stop his weekly trek from Atlanta as of February 1st and relocate to beautiful Memphis. **Ashraf Eisa** will roll off the NIKE I.M.P.A.C.T. team (KSA's CPI team, under the guidance of **Rod West**) and also join the Retrofit effort. **Torre Crupie**, **Britt Dayton**, **Gary Megson**, and **Bob Roge** are also regulars here in Memphis. Sorry ya'll, but the Double Wide Executive Center (DWEC) is out of cubicles, so you're gonna have to double up!

We are currently working on the mechanical installation, test preparation, and training development. Implementation will take the rest of the year and involves numerous other KSAers. Here are some of the upcoming hot sheet entries you can expect from our team:

- Vendor team building sessions
- Workstation design updates
- Lift truck safety features
- Implementation progress
- Updates on the KSA-designed, state-of-the-art training facility

- Lessons learned

Finally, congratulations from the NIKE Team to the **Unifirst** Team on their successful DCMS® implementation! We're right behind you!

---NIKE Retrofit Project Team

Recently, Michael Jordan, Michael Johnson, Ken Griffey, Jr, Cheryl Swoops, Deion Sanders, and Tiger were all sighted in the Pick zones of the NIKE Memphis Apparel center chanting the new NIKE phrase "I CAN!" The picking managers have put together teams named after NIKE sponsor athletes in order to improve the department's performance. This has generated tons of excitement and increased awareness of performances, on-standard percentage, and the Control Plus Reports.

Speaking of Control Plus reports, we are in the process of rolling out C+Pro, Control Plus On Demand. C+Pro will allow Area Managers to access copies of their Control Plus reports electronically using a database in Access. Currently we have 5 weeks of performance information and are currently testing how much historical data we will be able to house.

They say all good things come to an end, and while the NIKE P.A.C.E. project is coming to an end, from the Retrofit/DCMS® project postcard, you can see that other NIKE projects are kicking into full gear. Looking back on the last 9 months, it is pretty amazing to see all that has been accomplished through the NIKE P.A.C.E. project. We are in the process of implementing a Reward and Recognition program that will allow employees to be rewarded weekly, bi-monthly, monthly, and quarterly for outstanding performance, attendance, quality, cross training, and safety. When there are rewards involved, it is amazing how much closer attention everyone pays to the old 434!

In passing the torch to Ash, Ashley, and Scott as on-site KSAers, we know they will continue to set the NIKE P.A.C.E.

---Rod, Jen, Ash, and Melisa

GREETINGS FROM SANDPOINT, IDAHO

The on-site team consisting of **Brad (Jean-Claude) Humphries**, **Todd (Eddie the Eagle) Soller** and **Tom (Mogul Meat) Bokowy** just left the Atlanta home base of operations for their new ski chalets. The close contact with the **Coldwater Creek** key personnel will be a great advantage going forward with the design. One of the challenges for this project is designing a distribution center with a rapidly changing company. With an incredible growth record, Coldwater has a difficult time projecting where they will be next month; much less for the design year. The key to Coldwater's success is an incredible dedication to customer service. During their peak day, they answered calls with an average of less than two seconds wait time. Maintaining and furthering this commitment to the customer is our number one job for designing their East Coast facility.

During our free time (read: on the ski lift) we will be completing the pre-architectural document for Coldwater Creek's new Eastern Distribution Center and Interim facility and sending out the

material handling specs. After that, we'll be completing and evaluating the bids for the facilities. Providing guidance for the project are **Dave (Crash) Rush, Bill (Super G) Cobb** and **Tony (I'll see you at the Lodge) DeMaria**. Pray for Snow!



Coming soon—The event of the century—The Battle near Seattle—The Thunder across the Tundra - SNOW BOWL '98

---*Thomas Bokowy*

Here is a little something to keep in mind for Base Plus® and CPI projects. An article by Bob Nelson, author of the book 1001 Ways to Reward Employees, entitled Incentive Programs Can Work (<http://www.fed.org/motivation/nelson.html>) refers to a survey asking employees about 65 potential incentives in the workplace. The survey found the top five motivating incentives were 1) initiated by managers and 2) based on employee performance:

- Managers personally congratulates employees who do a good job
- Manager writes personal notes for good performance
- Organization uses performance as the major basis for promotion
- Manager publicly recognizes employee for good performance
- Manager holds morale-building meeting to celebrate success

The second are interesting points to try and build into Base Plus® and CPI recognition programs. Perhaps we should encourage supervisors to occasionally write personal notes on the Base 525 Individual Performance Summary, or any other feedback form, for additional encouragement and private recognition. Morale building meetings could be held to celebrate an operation achieving a certain performance. In all cases, the moral of the story is that there is no good substitution to effective sponsorship and coaching!

---*Jeff DeRuiter*

INDUSTRY INSIGHTS:

1/12/98 *THE WALL STREET JOURNAL*

Petrie Retail Inc., Secaucus, N. J., said **Crowley, Milner & Co.**, Detroit, withdrew its letter of intent to acquire all 49 of its **Winkelman's** women's apparel stores, located in Michigan and Ohio. Terms had been undisclosed. Petrie, a closely held company operating under protection of Chapter 11 of the U.S. Bankruptcy Code, said it would seek another buyer for the stores. Dennis Callahan, chairman and CEO of Crowley, said the board voted not to pursue the acquisition. He declined to disclose a reason for the withdrawal.

---*Sharon Anderson*

1/5/98 PRNEWSWIRE

Wal-Mart Stores Inc. (NYSE: WMT), the largest retailer in the United States, has named **Emery Worldwide** as its primary air freight carrier for all domestic heavyweight shipments weighing 50 pounds or more. The company has also designated Emery as its secondary carrier for international heavyweight shipments.

1/12/98 - PRNEWSWIRE

Manugistics Group, Inc. (Nasdaq: MANU) today announced that **Gap Inc.** (NYSE: GPS), has chosen. Manugistics Transportation Management software, including Manugistics Intelligent Messenger for electronic commerce, as the technological cornerstone of its domestic supply chain management initiative.

Gap Inc., which operates over 2000 stores worldwide under the brand names **Gap, GapKids, Baby Gap, Banana Republic, and Old Navy**, will first implement Manugistics for outbound freight planning and management from its domestic distribution centers and cross-dock facilities.

In subsequent phases of the project, Gap Inc. will use Manugistics Transportation Management to simultaneously optimize its domestic freight network for both inbound and outbound freight movements. Using the electronic commerce functions of Manugistics Intelligent Messenger, Gap Inc. will be able to automate the freight tendering process and receive and interpret shipment status messages from its motor carriers.

---Tom Clement

VENDOR VITTLES:

1/5/98 PRNEWSWIRE

WEB-SITE LAUNCHED

Pfastship Logistics International, a provider of multi-carrier shipping software, recently announced their new World-Wide Web site to provide information on its products, services and history, as well as information relative to the logistics industry.

---Tom Clement

NOTES, NEWS & NONSENSE

RESOURCE INFO ON TEAMS

Many of you lead teams on your projects. For your information, I have some great books and manuals that contain materials on team-building and motivating employees. They are sitting on my bookshelf waiting to be used. Here are some of the titles:

- *The Encyclopedia of Team Development Activities*
- *50 Activities for Empowerment*
- *The Big Book of Team Building Activities*
- *Keeping the Team Going*

- *1001 Ways to Energize Employees*
- *1001 Ways to Reward Employees*
- *10 Action Learning Courses*

I also have *Chicken Soup for the Soul at Work* and *Care Packages for the Workplace* in my office, which are good for inspiration.

If you want to reference or borrow one of these books, let me know. (Just make sure you return them!).

---Pam Beckerman

GENERATION X OFFICE LINGO

B LAMESTORMING: Sitting around in a group discussing why a deadline was missed or a project failed, and who was responsible.

BODY NAZIS: Hard-core exercise and weight-lifting fanatics who look down on anyone who doesn't work out obsessively.

CUBE FARM: An office filled with cubicles.

EGO SURFING: Scanning the Net, databases, print media and so on, looking for references to one's own name.

ELVIS YEAR: The peak year of something's or someone's popularity. "Barney the Dinosaur's Elvis year was 1993."

404: Someone who's clueless. "Don't bother asking him; he's 404." From the WWW error message "404 Not Found", meaning the requested document couldn't be located.

IDEA HAMSTERS: People who always seem to have their idea generators running.

KEYBOARD PLAQUE: The disgusting buildup of dirt and crud found on computer keyboards.

MOUSE POTATO: The online, wired generation's answer to the couch potato.

OHNOSECOND: That minuscule fraction of time in which you realize that you've just made a big mistake.

PRAIRIE DOGGING: When someone yells or drops something loudly in a cube farm, and people's heads pop up over the walls to see what's going on.

SITCOMS: What yuppies turn into when they have children and one of them stops working to stay home with the kids. Stands for Single Income, Two Children, Oppressive Mortgage.

STARTER MARRIAGE: A short-lived first marriage that ends in divorce with no kids, no property and no regrets.

STRESS PUPPY: A person who seems to thrive on being stressed out and whiny.

TOURISTS: People who take training classes just to get a vacation from their jobs. "We had three serious students in the class; the rest were just tourists."

TREWARE: Hacker slang for documentation or other printed material.

UNINSTALLED: Euphemism for being fired.

XEROX SUBSIDY: Euphemism for swiping free photocopies from one's workplace.
--Mike Jenkins

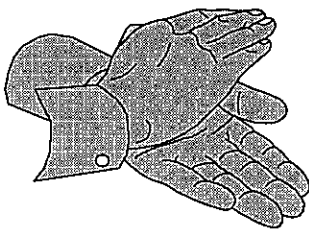
IMPORTANT DATES:

Happy Birthday to:



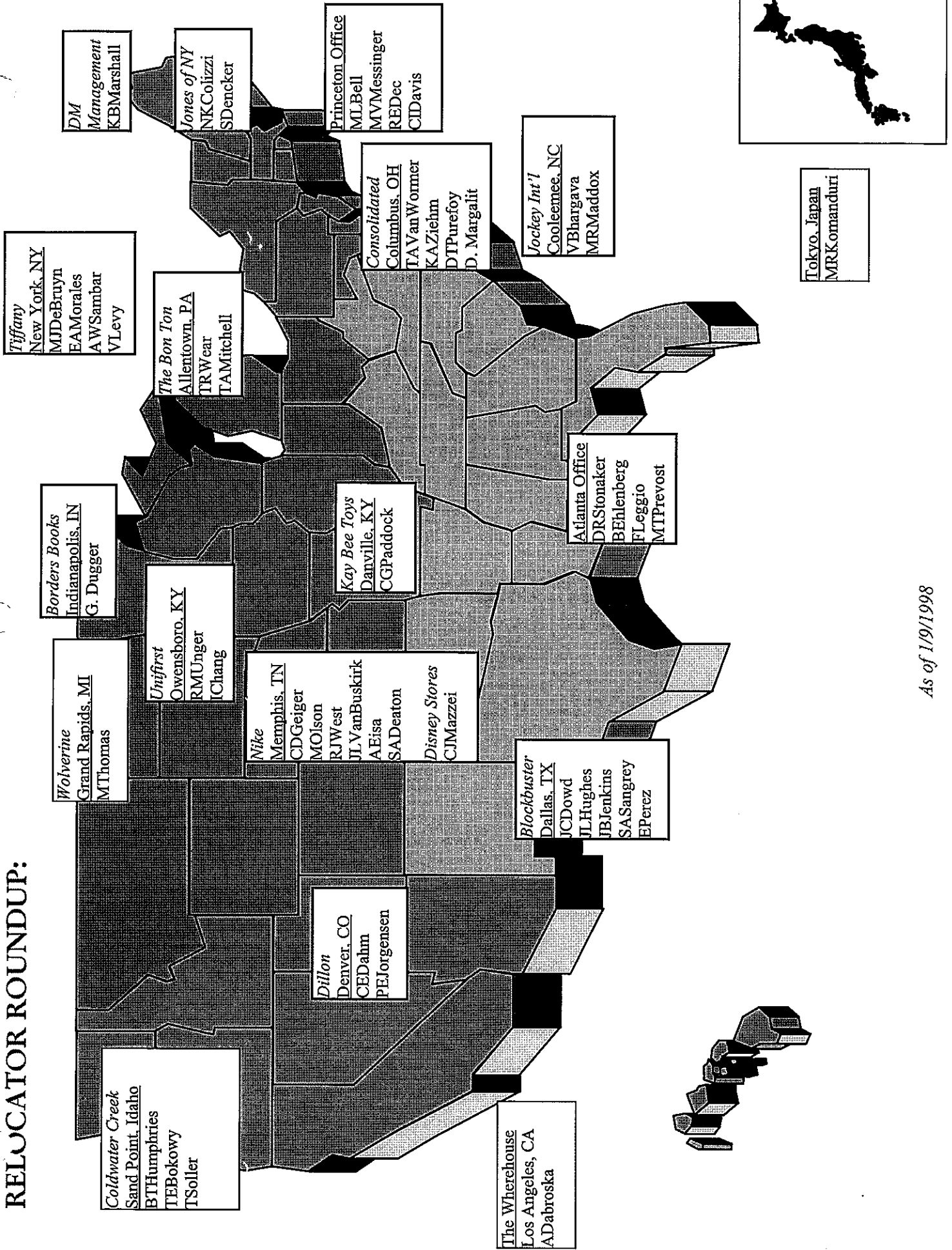
- Sharon Anderson 1/17 Genia Corder 1/23

Happy KSA Anniversary to:



- Mike Gregory 1/18 Jana Hughes 1/24 Matt Prevost 1/24

RELOCATOR ROUNDUP:



QUOTE OF THE WEEK:

Common sense is genius dressed in its' working clothes.

--Ralph Waldo Emerson

PUBLISHER'S NOTE:



PROJECT POSTCARDS:

THE WHEREHOUSE

INDUSTRY LESSONS LEARNED

Quick Response and Floor Ready Merchandise is everywhere. Everyone is doing it, right? Don't tell that to The Wherehouse, a retailer of music and videos. It seems the music industry is a little behind the soft goods retail industry. I'm sorry, did I say a little, try a lot! We've learned a few things about the music industry while trying to streamline The Wherehouse's distribution process. Here are a few:

- Vendors don't conform to any standard. Even the most basic of services most soft goods retailers take for granted are not performed by music vendors. PO's are not even put on the outside of the cartons. You can find the same SKU in three different cartons even though it could make up one carton by itself.
- Why? Vendors don't want to do anything that will cost them any more money. There is no Federated to "force" some issues and the retailers have not banded together to make things happen. A top executive at The Wherehouse asked a major vendor to put PO's on the carton and the vendor said no. When asked if they did it for the likes of Blockbuster and Tower Records, the vendor said they would not do it for anyone.

- Vendors feel like they can call the shots. If a hot new artist comes out, you can only get it from one label. So you either buy it from the vendor or you don't sell it. Not selling it is not an option.

Needless to say, there is tremendous opportunity to improve processes and inventory at places like The Warehouse. But before the music industry starts to capitalize on even some of the most basic Quick Response concepts, attitudes are going to have to change.

---Jeff DeRuiter

DISNEY STORE FACILITY IMPLEMENTATION TEAM

Greetings everyone! I hope everyone had a wonderful holiday and a Happy New Year. The Disney Store Facility Implementation Team needs some of KSA's knowledge. We are about 6 weeks away from start up and have a few questions on setting productivity goals. Disney has decided that during the start up period, these goals will be by department and will be UPH driven. However, Disney is starting to think a bit ahead and discussions have begun as to how they want to eventually track productivity and measure performance. Our questions are as follows:

- What are the advantages / disadvantages of elemental time study versus work sampling?
- What are the advantages / disadvantages of individual productivity tracking versus team / department / facility tracking?
- What kind of questions should Disney be asking themselves to help make some of these decisions?

We have already put together an initial list but would love to get some more input. Also, Disney is considering purchasing a productivity tracking system called ProRep and we were wondering if anyone has heard of it or possibly worked with the software before. Any information you could provide to us would be greatly appreciated. Thank you for your time and assistance!

---CJMazzei

INDUSTRY INSIGHTS:

FROM AUTOMATIC I.D. NEWS, JANUARY, 1998

Top 10 reasons for implementing a warehouse management system (according to Albert Avalos and Todd Lawson of Tompkins Associates):

1. Reduced errors.
2. Improved inventory accuracy.
3. Increased productivity.
4. Reduced paperwork.
5. Improved space utilization.
6. Elimination of physical inventories.
7. Better workload control.
8. Improved labor management and reporting.
9. Customer EDI requirements support.
10. Support for value-added programs.

A brief discussion for each of these points can be found in the article on page 39.

--Britt Dayton

FROM *THE WALL STREET JOURNAL*, JANUARY 6, 1998

NIKE PLANS TO SWOOSH INTO SPORTS EQUIPMENT BUT IT'S A TOUGH GAME

Nike, which dominates the sneaker and sports-apparel markets and has made its swoosh one of the most recognized international signs short of SOS, is barreling into the sports-equipment business. Nike design teams are pondering the physics of equipment such as baseball gloves and bats, hockey sticks, footballs, golf balls and snowboards. They are borrowing principals from rocket science and materials from military aircraft. Their mission, they say, isn't just to make and sell equipment; it is to design something new and then throw Nike's awesome marketing muscle into convincing the world of its technical superiority.

FROM *THE WALL STREET JOURNAL*, TUESDAY, JANUARY 6, 1998

U. S. MAIL-ORDER FIRMS SHAKE UP EUROPE

Lured by a \$50 billion market, a vogue for things American and the potential benefits of a common currency, U. S. mail-order catalog companies are flocking to Europe. They are shaking up the industry with specialized catalogs and markedly better service. Some of the invaders include big companies with broad offerings, such as **Lands' End, Inc.** and **Eddie Bauer, Inc.**, as well as more specialized outfits such as **Patagonia, Inc.**, **Viking Office Products, Ltd.** and **Tiffany & Co.**

For big American mail-order groups, international revenue is among the fastest growing parts of their business. Europe's relatively affluent, well-developed markets are a low-risk way to add to placid U. S. sales. Indeed, catalog companies are forging the way in international expansion among U.S. retailers. With the exception of **GAP, Inc.**, specialty retailers such as **Polo Ralph Lauren Corp.**, and the purchase this month by **Wal-Mart Stores, Inc.** of hypermarket chain **Wertkauf GmbH**, U. S. retail chains have been slow to cross the Atlantic.

--Sharon Anderson

VENDOR VITTLES:

***BUSINESS TIMES*, JAN. 5, 1998**

Federal Express Corp's acquisition of global logistics provider **Caliber Systems** will see it competing head-to-head with **UPS** in the US surface transportation market.

US regulatory review under the Hart-Scott-Rodino Antitrust Improvements Act was completed earlier this month clearing the way for **Fedex** to complete the \$2.7 billion acquisition of **Caliber Systems**.

Hong Kong-based Fedex spokesman David Clarke told *Shipping Times* that **Caliber Systems** would give the company extensive ground shipment capabilities, enabling them to take on **UPS** "head-to-head" in the US surface transportation market.

Arch rival UPS dominates the US surface transportation package delivery market, delivering some 12 million packages a day, accounting for more than 80 percent of all packages sent by ground transport in the US.

Caliber has 500 facilities worldwide in North and South America and Europe, employing some 33,500 employees. However, Caliber has no presence in Asia. Fedex is looking to build on Caliber's logistics and technology capabilities.

Both Fedex and Caliber will be controlled by a new parent company FDX Corporation with a total staff of about 170,000 worldwide. The transaction is expected to be completed in the first quarter of 1998 following shareholders meetings in January.

---Leanne Smullen

FROM THE WALL STREET JOURNAL, JANUARY 7, 1998

RATE INCREASE OF 3% TO 4% MATCHES UPS PRICE JUMP

Federal Express Corp., matching a price increase by archrival **United Parcel Service of America, Inc.**, said it will raise rates for domestic deliveries by 3% to 4% beginning in February. International rates for the express delivery concern will be unchanged, the Memphis, Tenn., company said. Closely held UPS Atlanta, previously announced it would raise domestic rates by more than 3% in February. Separately, FedEx said it is introducing a new guaranteed five-day delivery product for overseas freight shipments weighing more than 150 pounds. The service, which will cost about 30% less than the company's premium two-day international deliveries, will be available for deliveries between the U.S. and major markets in 15 countries in Europe, Asia and Latin America.

---Sharon Anderson

NOTES, NEWS & NONSENSE

EIGHT KEYS TO CONSULTING

Mary Gelinis and **Roger James** are West Coast consultants who work with our Business Transformation practice. While leafing through some of their materials, I came across these thought provoking ideas:

“Consultants use their expertise, experience, vision, values, and feelings to help clients make decisions, solve problems, and achieve their goals. Consultants’ contributions include skillful listening, questioning, and discussion; providing information and advice; and working with the client to accomplish the goals of the consulting process.”

There are eight keys to being an effective consultant:

Authenticity – Congruence between thoughts, feelings, words and actions. Being present in a genuine way builds trust.

Partnership – The mutual exchange of abilities and sharing of responsibility. Being invested as an equal promotes exploration.

Spirit of inquiry – Curiosity, a desire to discover new possibilities. Being persistent and creative helps you find the best answer.

Clear agreements – Clarity about ground rules, boundaries, and intended outcomes. Communicating clearly creates alignment, shared expectations.

Being trustworthy – Following through, telling the truth. Deliver what you promise and be candid even when it is not comfortable.

Influence – Using personal power to affect change, being open to be influenced. Let solutions emerge through resourceful dialogue.

Achieving the Goals of the Project – Using understandings and agreements to get results. Keeping refocusing people on project objectives.

Managing Resistance and Resolving Conflicts – Using the energy expended in conflicts to win breakthroughs in thinking and secure commitment. People in conflict are at least invested in the process. Use it to your advantage.

---Pam Beckerman

DEFINITIONS

Dumbwaiter: one who asks if the kids would care to order dessert.

Family Planning: the art of spacing your children the proper distance apart to keep you on the edge of financial disaster.

Grandparents: the people who think your children are wonderful even though they're sure you're not raising them right.

Ow: the first word spoken by children with older siblings.

Prenatal: when your life was still somewhat your own.

Show off: a child who is more talented than yours.

Sterilize: what you do to your first baby's pacifier by boiling it and to your last baby's pacifier by blowing on it.

Top bunk: where you should never put a child wearing Superman jammies.

---Mike Jenkins

FACTS OF LIFE

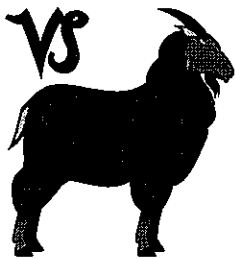
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1. The 2 most common elements in the universe are hydrogen and stupidity.
 2. Deja Moo: The feeling that you've heard this bull before.
 3. Nothing in the known universe travels faster than a bad check.
 4. It has recently been discovered that research causes cancer in rats.
 5. The trouble with doing something right the first time is that nobody appreciates how difficult it was.
 6. It may be that your sole purpose in life is simply to serve as a warning to others.
 7. The average woman would rather have beauty than brains, because the average man can see better than he can think.

---Melissa McPhail

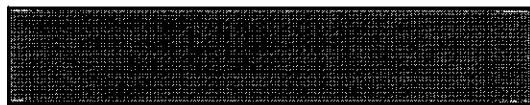
IMPORTANT DATES:

Congratulations to: Steve and Janet Szilagyi on the birth of their son, Benjamin Goetz - Born Friday, January 2 - 8lbs. 15 oz. 22"

Happy Birthday to:



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| <input checked="" type="checkbox"/> <i>Mohamed Amer 12/25</i> | <input checked="" type="checkbox"/> <i>Jim Severyn 01/2</i> | <input checked="" type="checkbox"/> <i>Gabrielle Pyle 01/7</i> |
| <input checked="" type="checkbox"/> <i>Raj Kumar 01/15</i> | | |



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| <input checked="" type="checkbox"/> <i>Pat Jones 1/6</i> | <input checked="" type="checkbox"/> <i>Ken Marshall 1/6</i> | <input checked="" type="checkbox"/> <i>Chris Port 1/6</i> |
| <input checked="" type="checkbox"/> <i>Leanne Smullen 1/8</i> | <input checked="" type="checkbox"/> <i>Cameron Geiger 1/8</i> | <input checked="" type="checkbox"/> <i>Jan Watson 1/9</i> |
| <input checked="" type="checkbox"/> <i>Vish Ganapathy 1/9</i> | <input checked="" type="checkbox"/> <i>Priscilla Jorgensen 1/10</i> | <input checked="" type="checkbox"/> <i>Chris Merritt 1/11</i> |
| <input checked="" type="checkbox"/> <i>Karl Swensen 1/11</i> | <input checked="" type="checkbox"/> <i>Dave Rush 1/13</i> | |

