

the HOT SHEET

vol. 8 no. 24

June 25, 1999

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“KEEP AWAY FROM PEOPLE WHO TRY TO BELITTLE YOUR AMBITIONS. SMALL PEOPLE ALWAYS DO THAT, BUT THE REALLY GREAT MAKE YOU FEEL THAT YOU, TOO, CAN BECOME GREAT.”

-MARK TWAIN, U.S. AUTHOR (1835-1910)

KSA LAUNCHES GLOBAL E-COMMERCE PRACTICE

Most of you probably saw KSA's recent PR release entitled, "KSA Launches Global E-commerce Practice." KSA's new e-commerce practice, called **e-SMART^(sm)**, will articulate a single KSA vision of our service offerings to assist our clients in developing and deploying winning e-commerce strategies. The **e-SMART^(sm)** team, consisting of Mohsen Moazami, Al Bolet, Dorothy Sadd, Barry Goldstein, Jean-Eric Laurent, Amin Shahidi, John Thomson, Tawn Tsogoev, and Matt Maddox, met in Atlanta to kickoff **e-SMART^(sm)**, which represents **Strategy, Markets, Architecture, Resources, and Technology** in the digital age.

Our immediate emphasis is two-fold: defining e-commerce service offerings that leverage our tremendous existing knowledge capital across all service groups, and marketing the **e-SMART^(sm)** brand, both externally and internally. KSA has the expertise to contribute to all aspects of our clients' e-commerce needs, but until now we lacked a cohesive and consistent means of communicating that expertise to our clients. The goal of **e-SMART^(sm)** is to create a globally recognizable brand that encompasses all of our service offerings, including Strategy, IT, and, of course, Logistics.

To accomplish these goals, we will develop methodologies for consistent application of our intellectual capital. Identifying the value proposition for our clients that answers "How will **e-SMART^(sm)** enhance the value of your company?" is inherent in the development of these methodologies. The clearly defined service offerings of the Logistics group provide an excellent model for **e-SMART^(sm)**. In addition, Logistics methodologies, such as the 'general contractor' role we perform when building a distribution center, will provide a road map for the **e-SMART^(sm)** practice.

This initiative is not a departure from our traditional service offerings, but rather an opportunity to better articulate our offerings in a cohesive and innovative manner. KSA will not become a

web-page design house or a marketing firm. KSA will, however, become a recognizable e-commerce service provider for our target clients.

As the e-SMART^(sm) evangelist for the Logistics group, I will help coordinate the joint Logistics/e-SMART^(sm) efforts to ensure that the message to our clients is clear and consistent, and that we take advantage of the existing knowledge within the Logistics practice. We will soon develop a web page, marketing brochures, and industry events to support this effort. We also intend to publish articles related to electronic commerce that increase the visibility of the e-SMART^(sm) brand. We are also relying on you to help: if you identify potential e-SMART^(sm) clients, please contact Randy Moore or Torre Crupie.

For further information, please visit <http://www.ksa.net/>, which is a precursor to the e-SMART^(sm) web presence.

--*MATT MADDOX*

NOTES...NEWS...NONSENSE:

ANSWER TO LAST WEEK'S RIDDLE

Congratulations to Jeff Boudreau. He submitted the only correct answer to the riddle. The question you must ask to solve the riddle is "Would the other guard tell me that this is the door to eternal happiness?" If the guard answers "yes", take the opposite door. If he answers "no" take his door.

Explanation:

If you're asking the liar, and he's guarding the happiness door, he will say "no" - take his door. If you're asking the liar, and he's guarding the suffering door, he will say "yes" - take the opposite door. If you're asking the truth-teller, and he's guarding the happiness door, he will say "no" - take his door. If you're asking the truth-teller, and he's guarding the suffering door, he will say "yes" - take the opposite door.

It would also work to ask, "Would the other guard tell me this is the door to eternal suffering?" If the answer is "yes", take his door. If "no", take the opposite door.

LIFE BALANCE NOW AVAILABLE ONLINE

KSA is enhancing its work life benefit, *Life Balance*, by providing employees with access to *Life Balance Online*. Employees now have immediate access to the array of services and information provided by *Life Balance* right from their desktops at home or at work.

Like the 24-hour call service, *Life Balance Online* provides information and resources to help manage and resolve a wide range of issues and demands of your personal, work and home life.

With *Life Balance Online* KSA employees and their families can:

- Download hundreds of educational materials
- Order booklets and Library-by-Mail materials
- Search for child /elderly care providers
- E-mail a consultant with your questions and requests for referrals
- Conduct a keyword search to find out how *Life Balance Online* can help with a particular issue

A special feature called "My Library" allows you to privately bookmark information. Another feature, the ChildCare Locator, is a quick way to search for the closest childcare providers by entering up to three search addresses. Employees can then e-mail their search results to a LifeBalance consultant for further research, screening, or vacancy checking.

As with the 24-hour call service, *LifeBalance Online* is completely confidential.

To access *LifeBalance Online* point your browser to:

<http://www.lifebalance.net>

Then enter the following information:

Company name: KSA
(name should be typed exactly as it appears)

Passcode: 3790

***Life Balance Online* can also be easily accessed through the KSA Intranet.**

We hope that you will take advantage of this new service and of the convenient way in which it can help you manage all aspects of your professional and personal life. If you have any questions regarding *Life Balance Online*, please contact Pam Beckerman ext. 7862 or Karen Pantzer ext. 7293.

Of course, you can continue to call the toll free number (888-300-0431) 24 hours a day for a live counselor. People have reported appreciating the counsel received on topics such as caring for an elderly parent, buying a new car, advocating for a child with learning disabilities, and resolving a legal issue. The program offers another resource for managing the many demands we all face.

--PAM BECKERMAN

WHO'S PACKING YOUR PARACHUTE?

Sometimes in the daily challenges that life gives us, we miss what is really important. We may fail to say hello, please, or thank you, congratulate someone on something wonderful that has happened to him or her, give a compliment, or just do something nice for no reason.

Commander Charles Plumb, a US Naval Academy graduate, was a jet fighter pilot in Vietnam. After 75 combat missions, his plane was hit and destroyed by a surface-to-air missile. Commander Plumb ejected and parachuted into enemy hands. He was captured and spent 6 years in a communist Vietnamese prison. He survived the ordeal and now lectures on lessons learned from that experience.

One day, when Plumb and his wife were sitting in a restaurant, a man from another table came up and said, "You're Commander Plumb! You flew jet fighters in Vietnam from the aircraft carrier Kitty Hawk. And you were shot down!"

"How in the world did you know that?" he asked.

"I packed your parachute," the man replied.

Commander Plumb gasped in surprise and gratitude. The man shook his hand and said, "I guess it worked!" with a smile.

Commander Plumb assured him, "It sure did. If your chute hadn't worked, I wouldn't be here today."

Commander Plumb couldn't sleep that night, thinking about that man. He said, "I kept wondering what he might have looked like in a Navy uniform a Dixie cup hat, a bib in the back, and bell bottom trousers. I wonder how many times I might have seen him and not even said good morning, how are you or anything because, I was a fighter pilot and he was just a sailor."

Commander Plumb thought of the many hours the sailor had spent on a long wooden table in the packing room of the ship, carefully weaving the shrouds and folding the silks of each chute, holding in his hands each time the life of someone he didn't know.

Now, Commander Plumb asks his audience, "Who's packing your parachute?"

Everyone has someone who provides what he or she needs to make it through the day. Commander Plumb also points out that he needed many kinds of parachutes when his plane was shot down over enemy territory—he needed his physical parachute, his mental parachute, his emotional parachute, and his spiritual parachute. He called on all these supports before reaching

safety.

His experience reminds us all to prepare ourselves to weather whatever storms lie ahead. As you walk through your life, recognize the people who pack your parachute.

--*LEANNE SMULLEN*

HAPPY BIRTHDAY

Bill Wosilius 6/26

Vic Bhargava 6/28

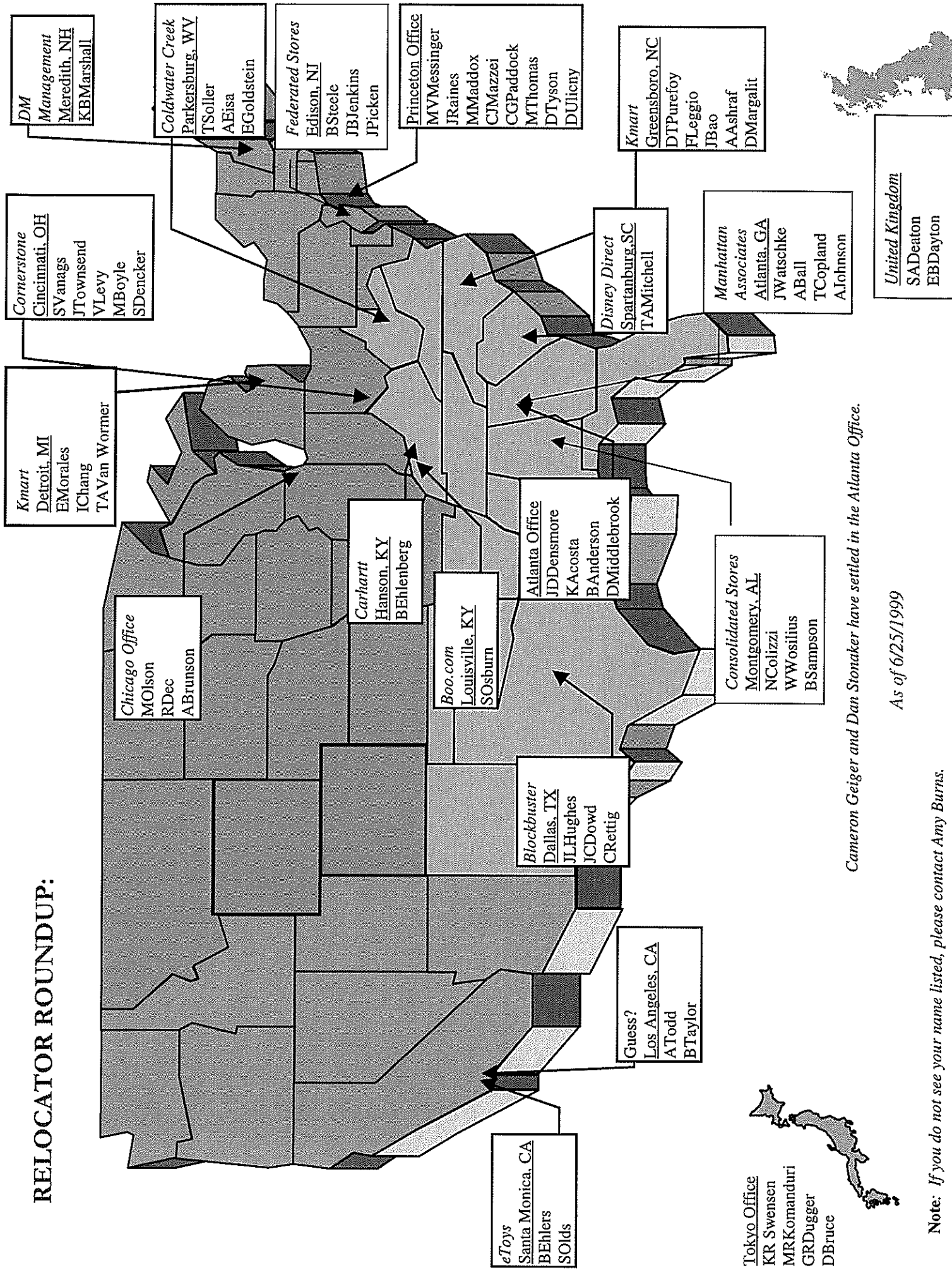
Al Sambar 6/29

*HAPPY
ANNIVERSARY*



Jeff Boudreau 7/1/85

RELOCATOR ROUNDUP:



Cameron Geiger and Dan Stonaker have settled in the Atlanta Office.

As of 6/25/1999

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

the HOTSHEET

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June 18, 1999

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Logistics Services Group

QUOTE OF THE WEEK:

“SUCCESS IS NOT MEASURED BY THE POSITION ONE HAS REACHED IN LIFE, RATHER BY THE OBSTACLES OVERCOME WHILE TRYING TO SUCCEED.”

-BOOKER T. WASHINGTON

IF YOU ONLY READ ONE ARTICLE IN THIS WEEK'S HOTSHEET, LET IT BE THIS ONE...

The KSA Intranet

OR HOW NOT TO REINVENT THE PROVERBIAL WHEEL...

As one of the keepers of KSA Logistics Body of Knowledge, I am a big proponent of not reinventing the wheel each time we start a new project. Gabrielle Pyle, my counterpart in Princeton, would probably second that emotion.

In the past, she and I have had to rely on consultants sending us project deliverables at the conclusion of each project, but quite honestly, we could only capture a fraction of all Logistics documents that way.

But as technology once again pulls along tradition, we now have a new tool available to us that will redefine how KSA collects, stores and uses information - the KSA Intranet is here.

The purpose of this article is threefold: to let you know that the Intranet is ready for you to use, to congratulate the team who helped put the Logistics part of the Intranet together, and to turn to you to ask you to submit to the Intranet those documents that are currently taking up space on your hard drive.

A group of Logistics KSAers led by Randy Moore and Raj Kumar has spent the past couple of months piecing together the structure of the Logistics section of the Intranet. The group's efforts have paid off, as Logistics has filled our section with some top-notch project examples that you can begin using today. A big thanks to the following people who spent many hours conference calling, creating, planning, writing, finding material and shaping the future of the Logistics piece

of the KSA Intranet: Randy Moore, Raj Kumar, Randy Unger, Jeff DeRuiter, Sharon Gavron, Jana Hughes, Scott Vifquain, Chris Paddock, Amy Burns and Leanne Smullen. And thank you **Loraine Laurino** from the Knowledge Resource Center, for guiding the group through the process and the mechanics of setting up the page.

Now that the Intranet is up and running, we're looking for more material in the Logistics section called Tools of the Trade. If you have project examples that would help other Logistics folks, by all means get it to us! As always, Logistics should lead the way and set the example for KSA by filling up our section of the Intranet with great information.

For the time being, there are several "Gatekeepers" who are responsible for ensuring that the best project examples are posted in the Logistics Tools of the Trade section. The Gatekeepers are Randy Unger, Gabrielle Pyle, Sharon Gavron and Leanne Smullen. They will ensure that your submissions get to the right place on the Intranet so that you don't have to worry about that part.

Here are the steps to take to send in material and make the Intranet great:

Types of Projects for Which We Need Documents

- A. Strategy
- B. Facility Design
- C. Performance Improvement
- D. Stores
- E. Other Projects
- F. General

Under those Categories, the Types of Materials We Need

- Pre-Proposal Documents
- Proposals
- Methodology
- Deliverables
- Project History
- Reference Material

Once you find a couple of good examples to send, submit them!

How to Submit What You've Got

1. Gather the documents you want to submit
2. Log on to Microsoft Outlook and follow this path:

**Public Folders/All Public Folders/Consumer Products/ KSA Forums/
Consumer Products/306-Logistics/ Logistics Content Mailbox**

3. Copy your documents to this Logistics Content Mailbox folder, and then as your last step...

4. Within Outlook, beneath File, you'll see the paper and tack icon. Click on that, and **for each document that you have submitted**, quickly document what you are sending to us by including these items:

- Long name of document
- Type of document (strategy proposal, facility design deliverable, etc.)
- Service Team: 306
- Synopsis (2-3 sentences on what the document is so that a new consultant could understand scope of project)
- KSA team members involved

That's it, you're done! You are now an official contributing member to the Intranet and to furthering Logistics Knowledge within KSA.

The Gatekeepers and all other Logistics KSAers look forward to reading your submissions, so please take a moment as soon as you get a chance. At the very least, check out the Intranet. Just copy the address below, open your browser, paste and go!

KSA Intranet: <http://webstage/intranet>

--LEANNE SMULLEN

INDUSTRY INSIGHTS

IDEALAB FORECAST: BRAINSTORMY
(USA Today, June 8, 1999)

Idealab founder Bill Gross looks through the glass walls of his office in the middle of an industrial-chic complex and eyes the cluster of twentysomethings bent over computers and phones. This is The Spot. The Center. The Hot Zone. The place where new life begins.

While there are thousands of venture capital firms, corporations and individual investors funding start-ups, privately held Idealab is one of the Internet's most unusual companies to date. It's a 25-employee idea factory with the sole mission of creating, developing and eventually spinning off Net ventures. Think eToys, Free-PC, GoTo.com, CitySearch.

⇒ Gross was in New York for his cousin's wedding and in need of a quick haircut. He became frustrated with trying to find a barber in the Yellow Pages. There was no way to tell how far away the place was or whether he was about to enter a leather kingdom or a bald-men's paradise. He got the germ of an idea of using the Internet to list businesses with pictures and descriptions of services. That eventually blossomed into CitySearch.com, which last year merged with Ticketmaster and now has a marketcap of about \$1.6 billion.

⇒ **eToys**, which went public last month and today is valued at about \$5 billion, was born after Gross recruited Toby Lenk of **Walt Disney** and asked him to come up with an electronic-

commerce company with specialized products and high customer service. His original idea was to sell top 10 items, but Lenk suggested selling toys.

⇒ Idealab launched GoTo, a search engine that delivers results according to a pay-for-play scheme in which companies pay for placement. It was born when Gross became frustrated by his inability to find things through search engines. Critics say that GoTo was too late to market successfully and that it presents results that are inherently biased. GoTo has filed to go public soon.

--*TONY DEMARIA*

NOTES...NEWS...NONSENSE:

THREE WISHES

Three people: a project manager, a software engineer, and a hardware engineer are in Ft. Lauderdale for a two-week period helping out on a project.

About midweek they decide to walk up and down the beach during their lunch hour. Halfway up the beach, they stumbled upon a lamp. As they rub the lamp a genie appears and says "Normally I would grant you three wishes, but since there are three of you, I will grant you each one wish."

The hardware engineer went first. "I would like to spend the rest of my life living in a huge house in St. Thomas, with no money worries and surrounded by beautiful women who worship me." The genie granted him his wish and sent him on off to St. Thomas.

The software engineer went next. "I would like to spend the rest of my life living on a huge yacht cruising the Mediterranean, with no money worries and surrounded by beautiful women who worship me." The genie granted him his wish and sent him off to the Mediterranean.

Last, but not least, it was the project manager's turn. "And what would your wish be?" asked the genie.

"I want them both back after lunch" replied the project manager.

--*SUZANNE DENCKER*

A RIDDLE...CHOOSE VERY CAREFULLY...

Imagine if you will a beautiful, sun-soaked beach in New Jersey. (I know that's hard, but stay with me.) The sun, the sea air, the sounds of the waves, and two Logistics consultants passing away the time with their shorehouse roomies.

"Wanna hear a riddle?" asks Mark Thomas.

"Lay it on us!" says the group in unison, not knowing what we were asking for.

The following riddle kept us entertained for quite some time. Drowsy, and feeling not too swell from the previous night's many beverages, we somehow managed to put our heads together to get "98% of the answer". We eventually were stumped though, until Mark gave us the answer.

Give it a shot, and if you can answer it, you will win the following prize:
The satisfaction of knowing that you are smarter than a hungover, half-asleep, lobster-red Mark Messinger.

THE RIDDLE

You are standing in a room with only two ways out. One is a door that leads to eternal peace and happiness. The other is a door that leads to eternal pain and suffering. You do not know which door is which. There is a guard at each door. One of the guards always tells the truth. The other guard always lies. You do not know which guard is the liar, and which is the truth-teller.

You are allowed to ask **one** guard **one** "yes or no" question, and then you will be allowed to pass through whichever door you choose. Remember, you only get one question, and you can only go through one door. No beating up the guards or peeking through one of the doors!

What question would you ask?

Answer in next week's Hotsheet...

--MARK MESSINGER AND MARK THOMAS

HAPPY BIRTHDAY

Neil Buck 6/20



Todd Barr	6/18/73
Gabrielle Pyle	6/24/85
Steve Knapik	6/21/93
Brooks Kitchel	6/20/95
Nicole Jones-DiStasio	6/21/97
Dan Bruce	6/23/98

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QUOTE OF THE WEEK:

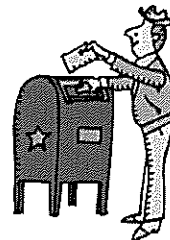


“COURAGE IS NOT THE TOWERING OAK THAT SEES STORMS COME AND GO; IT IS THE FRAGILE BLOSSOM THAT OPENS IN THE SNOW.”

ALICE M. SWAIM

PROJECT POSTCARDS:

GREETINGS FROM THE ETOYS TEAM



Fast and crazy! That's a good description for what is happening on both sides of the continental USA right now with eToys.

The East Coast team is working furiously to meet the rapidly approaching 2000 distribution center requirement. Right now, we are designing the active area, pack wave staging, and just-in-time (JIT) book process flows are being designed in detail and bid specs are about to start flying. Of course, by now Joe Raines, Al Sambar, and Cameron Geiger can knock those sorts of things faster than they can recover from a Princeton flag football game. But then again, they are starting to get up there in years, unlike the West Coast team who are young, spry, and of course very attractive (see what you can get away with when you write the Hotsheet article? Disclaimer – Bill Cobb and Tony DeMaria started on the West Coast Team).

In typical West Coast fashion we are doing things a little differently out here. We still keep many of the same hours as our East Coast team, even though the client is usually not in until 10:00 am. When we are not working until the wee hours, we have quite a few interesting diversions.

We have managed to see several pre-screenings while living in Los Angeles. We have also been told we may even get into an actual premier. When not in the theater or with the client, we have endeavored to enjoy the rough 70 degree and sunny weather at the beach which is an arduous two blocks away. Unlike the East Coast Princeton team we do not have needles washing up on our shores.

For those of you wondering... yes, we do spend time with the client. Last month eToys opened its new corporate office. We were allotted a conference room to open up a remote KSA office. With all the toys lying around, it is sometime difficult to get much work done. Shawn and Barry have been caught a few times recreating the Darth Mal versus Obie Wan duel with the new double edge light sabers! That, of course, was tame compared to Priscilla's covert operation of sneaking into the CEO's office and knocking all the planes off his prized aircraft carrier.

When not helping the client with the testing of new toys, we have been immersed in integration testing. The plan for distribution this year is to use a Fingerhut facility in Provo, Utah. We will spend the next two months testing all the eToys and Fingerhut systems, then begin shipping from Utah in September, just in time for the Christmas rush and the snow at Sundance.

In closing, we all wanted to stick with the eToys motto "We bring the toy store to you" and tell you about an upcoming eToys sweepstakes for all you Star Wars fans or those of your like our older east coast team members who have kids who enjoy Star Wars (disclaimer: Bill Cobb and Tony DeMaria are considered part of the West Coast team). eToys has announced an exciting and unique sweepstakes -- the grand prize is an "eToys Star Wars Party." The winner and 100 handpicked friends will attend a special screening of the history-making film, "Star Wars: Episode 1 -- The Phantom Menace" and will receive action figures and other party favors. The grand-prize winner will also receive a \$500 eToys gift certificate and five second-place winners will receive \$50 gift certificates. Star Wars enthusiasts may enter the sweepstakes by visiting AOL Keyword: Star Wars or by going directly to eToys at <http://www.etoys.com>. Good luck.

-BARRY EHLERS AND SHAWN OLDS

INDUSTRY INSIGHTS

BOO.COM'S BOLD FASHION STATEMENT

BACKED BY BENETTON AND LOUIS VUITTON, THE STARTUP PLANS TO SHAKE UP WEB RETAILING.
(*Industry Standard, May 10, 1999*)

It is that rarest of treasures – a warm, cloudless day in England and a bank holiday to boot. By all expectations, few Londoners should be at work. In the offices of **Boo.com**, however, there's always work to be done, and dozens of staffers are testing the servers for the launch, putting the final touches on the op-art site design, setting up a temporary desk for the company's CFO. As if the sunny holiday weren't distraction enough, there's the drilling, the torn-up floors and the desks that keep rolling around to elude the nonstop construction.

And there's the music: a loud heavy-metal soundtrack that pours through open windows from Carnaby Street, still a tourist magnet for young clothing mavens and scene-seekers. Mod and hippie styles drove the first incarnation of Carnaby Street, but the Internet is driving Boo.com's attempted renaissance. It hardly matters that no one here is old enough to remember the '60s heyday of Carnaby Street. All they need is the Austin Powers send-up to know that Boo.com had better be groovy, baby. And the goal appears to be just that – to make Boo.com hipper and more exciting than the sporty clothes it peddles.

Coordinating all this chaos are two 28-year-old Swedes who are not afraid to admit that they don't know much about the Internet. True, they founded an Internet company, but they sold it in less than a year. (They didn't even have a balance sheet to show the acquiring company.) Spend any time with the duo and you quickly learn that they're just as excited by earlier accomplishments. Chief marketing officer Kajsa Leander looks fondly back on her days modeling for the Elite agency and running a small Swedish publishing house; CEO Ernst Malmsten seems proudest of the Nordic Poetry Festival the pair organized in New York City in 1993.

Make no mistake, however: This is a deadly serious e-commerce company. It has assembled an impressive group of financial backers led by J.P. Morgan, the venerated investment bank that had never put money into an e-commerce startup company until Boo.com. In its most recent round, it added a multimillion-dollar investment from Bain Capital in Boston. Boo.com is sinking tens of millions of dollars into building and supplying its site, and will back it up with generous ad and marketing campaigns launched over the next several months. Some of the biggest names in fashion, from Louis Vuitton to Benetton, are backing the venture. And Boo has secured online sales authorizations from big names like Fred Perry, Donna Karan and the North Face. It has hired staff with stunning pedigrees from companies as varied as Barneys, Virgin and the Boston Consulting Group. As the buzz envelops the project, the Boo.com Web site is getting some 60,000 hits a day – even though there's really nothing on it.

What makes boo.com so compelling? After all, it is entering a space – retail apparel – that has so far stubbornly resisted the Web. Luke Alvarez, Boo's global business-development director, says the group will have a "killer Web site" on top of a "global business model," which will lead to "first-mover advantage."

Of course, everybody says that.

But hear Boo out. Its goal, as Leander says, is to build a place where "you can use the Internet to fulfill your fantasies." That's assuming that your fantasy involves buying casual and athletic apparel. Boo.com's design will resemble the ultimate catalog: Clothes rotate so you can see what a jacket looks like from the back; there are virtual mannequins you can paste the clothes on; you can search by brand, by type of clothing or even by activity, such as basketball or rock-climbing. Then there's distribution. At a time when customers are beginning to question the shipping charges at places like Amazon.com (AMZN), Boo.com says it will ship anywhere in North America and Europe free. It will guarantee five-day delivery, working with a series of partners including UPS and DeutschePost. Perhaps most remarkably, Malmsten claims that the site "will

have real-time links to our suppliers," so that nothing will be available for purchase on Boo.com that doesn't physically exist in a warehouse somewhere.

Finally, there's globalization. Boo.com represents one of the first retailing sites created from scratch that will operate "globally from day one," says Jay Herratti, Boo's VP of U.S. operations. New York has the customer-service and front-end technical issues; London, design and management. The virtual mannequins and shoe stands were shot in Los Angeles. When the site becomes operational later this month, it will launch simultaneously in four major markets and six languages. Entrants into Boo.com's space can choose from 35 different countries, and that number is bound to expand during the next few months. All transactions can be done in local currencies – not just U.S. dollars, which is a major hurdle for American sites trying to go worldwide.

And what about that name? what does it mean? It is, Boo.com staffers say, one of the world's most popular names for cats; the phrase "miss boo" is sometimes used to describe a little girl; and in Amsterdam, "boo" is decades-old slang for marijuana. The word's vagueness is part of its appeal. "Boo," says one staffer with a Zen turn, "means nothing in 50 languages."

--ASHLEY DEATON

WHAT'S `IN-STORE` FOR THE 21ST CENTURY SHOPPER?

(ORLANDO, Fla., May 24 /PRNewswire/ via NewsEdge Corporation)

On-line shopping may be exploding, but consumers are willing to embrace in-store technologies that will give them more product information and make shopping quicker and more convenient, according to a major Indiana University/KPMG retail study announced today at the International Mass Retailers Association annual convention. "While everyone is focusing on the Internet, in-store technologies and the integration of on-line and in-store activities may have an even greater impact on the future of retailing," said Professor Raymond Burke, of the Kelley School of Business, Indiana University. "Many of the benefits of online shopping can be delivered in the physical store. Our survey shows that consumers respond enthusiastically to these in-store technologies."

The survey of 2,413 consumers nationwide found that discount stores have significant strengths, but a few important weaknesses that make them vulnerable to competition from on-line retailers. Consumers are generally satisfied with the shopping experiences in discount stores. Seventy-six percent voiced that they were somewhat or very satisfied with the value they received, 72 percent liked the convenience, 71 percent the product selection, and 67 percent the product quality. Where discounters fell short with customers is in the areas of service (52 percent satisfied), the speed of shopping (57 percent satisfied), and with the amount of product information available (44 percent satisfied). Discount stores are vulnerable to losing these shoppers to on-line merchants.

To address current shortcomings, the IU/KPMG study found that more than 70 percent of consumers believed that they would benefit from retailers adoption of in-store technologies, such as touch-screen kiosks, self-scanning, electronic point of sale signage, hand held shopping

assistants and even body scanning, which allows consumers to custom fit clothing. Only nine percent or less of the respondents believed that these new technologies would be a disadvantage.

In terms of Internet shopping, 74 percent of the respondents do not consider it safe to give out a credit card number over the computer and 62 percent are not comfortable doing business with a place that only can be reached on-line. "It's easy to say that conventional retailers need to respond to the competitive pressures of the on-line channel, says Mark Larson, National Industry Director for KPMG's retail practice. "The hard part is determining how precious resources should be invested. Our survey finds that in-store technologies can have tremendous impact on a retailer's ability to build customer relationships, maintain customer loyalty and bolster areas like service. Those players that set strategic plans in motion now will be well situated to secure market share in an industry that is undergoing rapid transformation."

The survey tested eleven different technologies (three on-line; eight in-store) that directly impact how retailers interact with customers. "Everything we tested," says Burke, "features technology that is available today. Some are already in use in the marketplace while others have not yet been implemented." Consumers responded most positively to Electronic Point-of-Sale Signage -- liquid crystal displays (LCD) that show the names and prices of merchandise. They are attached to the store shelves or directly to the products, taking the place of price tags and printed shelf labels. Ninety-two percent of consumers said they would use the technology at least some of the time they shop and 50 percent said that it would be a big advantage when shopping. Thirty percent of respondents said that they most liked the technology's ability to verify the sale price of an item. Sixty-four percent of consumers felt that a store that implements this technology provides better service.

Self-scanning, a hand-held barcode reader that enables shoppers to scan and tally purchase while shopping, was the next most favorably received of all the tested technologies. Eighty percent of those surveyed felt that it would provide advantage while shopping, 48 percent felt it provided a big advantage. Fifty-three percent of consumers responded that a store that provided this technology would be "fun to shop," the highest scoring technology in this category. In contrast, the online shopping site scored as the least "fun to shop" technology. Only 26 percent of consumers felt that an online shopping site was "fun to shop."

The product information kiosk, an easy-to-use computer and video display located in the retail store, also earned raves among consumers with 77 percent stating that it would be an advantage to have it in the store. In fact, 31 percent said they were much more likely to shop at a store that provided this technology.

Consumers also responded favorably to the hand held shopping assistant, a lightweight, palm-size device that can be carried throughout the store. It is used to provide shoppers with additional information about products -- specifications; usage suggestions, warranty information. Seventy-seven percent of respondents said it provided value and 61 percent said they were more likely to shop in a store that featured the technology. The highest perceived benefit was its ability to deliver detailed and current product information.

--CHRIS MAZZEI

NOTES...NEWS...NONSENSE:

ADVICE FOR GOOD LIVING

1. Give people more than they expect and do it cheerfully.
2. Memorize your favorite poem
3. Don't believe all you hear, spend all you have or sleep all you want
4. When you say, "I love you", mean it.
5. When you say, "I'm sorry", look the person in the eye.
6. Believe in love at first sight.
7. Never laugh at anyone's dreams.
8. Love deeply and passionately. You might get hurt but it's the only way to live life completely.
9. In disagreements, fight fairly. No name calling.
10. Don't judge people by their relatives.
11. Talk slow but think quick.
12. When someone asks you a question you don't want to answer, smile and ask, "Why do you want to know?"
13. Remember that great love and great achievements involve great risk.
14. Call your mom.
15. Say "bless you" when you hear someone sneeze.
16. When you lose, don't lose the lesson.
17. Remember the three R's: Respect for self; Respect for others; Responsibility for all your actions.
18. Don't let a little dispute injure a great friendship.
19. When you realize you've made a mistake, take immediate steps to correct it.
20. Smile when picking up the phone. The caller will hear it in your voice.
21. Marry someone you love to talk to. As you get older, their conversational skills will be as important as any other.
22. Spend some time alone.
23. Open your arms to change, but don't let go of your values.
24. Remember that silence is sometimes the best answer.
25. Read more books and watch less TV.
26. Live a good, honorable life. Then when you get older and think back, you'll get to enjoy it a second time.
27. Trust in God but lock your car.
28. A loving atmosphere in your home is so important. Do all you can to create a tranquil harmonious home.
29. In disagreements with loved ones, deal with the current situation. Don't bring up the past.
30. Read between the lines.
31. Share your knowledge. It's a way to achieve immortality.
32. Be gentle with the earth...and yourself.

33. Pray. There's immeasurable power in it.
34. Never interrupt when you are being flattered.
35. Mind your own business.
36. Don't trust someone who doesn't close their eyes when you kiss them.
37. Once a year, go someplace you've never been before.
38. If you make a lot of money, put it to use helping others while you are living. That is wealth's greatest satisfaction.
39. Remember that not getting what you want is sometimes a stroke of luck.
40. Learn the rules, then break some.
41. Remember that the best relationship is one where your love for each other is greater than your need for each other.
42. Judge your success by what you had to give up in order to get it.
43. Remember that your character is your destiny.
44. Approach love and cooking with reckless abandon.

A LAWYER, A DOCTOR AND AN ENGINEER ARE SENTENCED TO DIE BY GUILLOTINE

The lawyer goes first, and is given a choice of being executed face up or face down. He says that he would like to see the sky one last time, and so chooses face up. The trigger is pulled and, miraculously, the blade stops inches before it reaches his neck. Under provisions of the law, the lawyer is set free.

The doctor goes next. He too chooses face up so that he can go out facing his maker. Again, the trigger is pulled and the blade stops inches before it reaches his neck. He too is set free.

The engineer agrees with the thinking of the lawyer and doctor and so chooses face up. He is then placed in the guillotine. Just before the trigger is pulled, though, he exclaims "Wait a minute. I think I see the problem."

--*SUZANNE DENCKER*

WHAT EVERY RELOCATOR SHOULD KNOW

Thank you to the faithful few who have sent in tips & favorites for the upcoming KSA Logistics Intranet posting "What Every Relocator Should Know." Those were great suggestions!

To the rest of you...remember when you were starting out? New city? New project? Wish you knew who could help you find a place to live or a decent restaurant? Well, here's your chance to help out all the Logistics newcomers. Forward to **Amy Burns** your favorite:

- Things to do and see in the city you're in
- Relocating tips
- Moving tips
- Best restaurants in client cities
- Travel tips by city

Your suggestions will be posted to the Intranet soon. KSA's Intranet address can be found at <http://webstage/intranet>. Click now and check it out!

HAPPY BIRTHDAY

Troy Van Wormer 6/11
Lynn Senior 6/15



Ronan Cates 6/13/94
Jim Severyn 6/16/80
Suzanne Dencker 6/17/96
Enrique Morales 6/17/96
Mark Messinger 6/17/96

the HOT SHEET

vol. 8 no. 21

June 4, 1999

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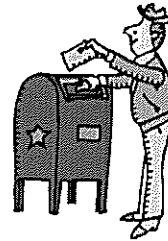
Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“THE FLOWER THAT FOLLOWS THE SUN DOES SO EVEN ON CLOUDY DAYS.”

-ROBERT LEIGHTON (1611-1684)

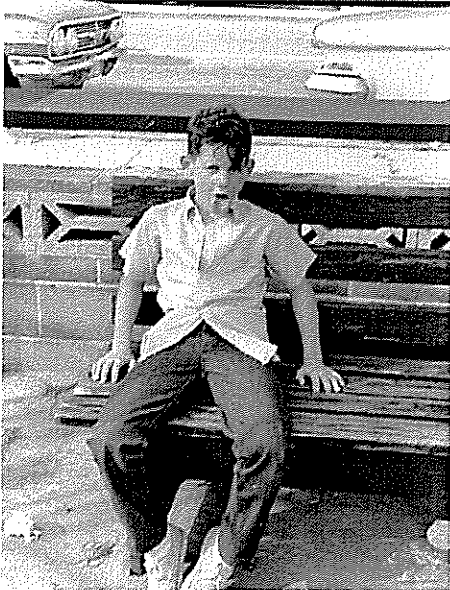
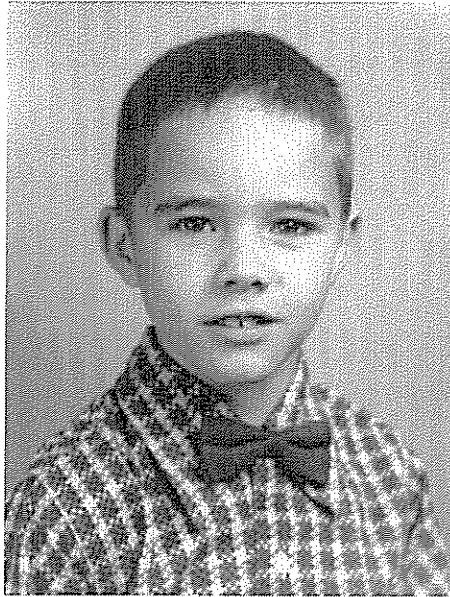


PROJECT POSTCARDS:

MANAGERS AND PRINCIPALS CONFERENCE UPDATE

Managers and Principals in the Logistics Group got together in Princeton on May 21 – 22 to review past accomplishments and future challenges. Our objective was to look at our group as a whole, concentrating on developing our service offering while challenging ourselves to continue to make KSA the best place in the world for our colleagues to work. We discussed strategic direction (LogSys, Control Plus, Marketing, Service and Professional Development), reviewed the progress of initiatives already undertaken (BOK, alliances, recruiting), and critically examined a number of issues related to our recruiting, professional development and lifestyle.

After an initial introduction, Raj Kumar and Jack Horst broke the ice with a humorous look back at the history of the Logistics group using several compromising pictures of principals, which were secretly secured from their spouses. (We think there is definitely some money to be made in the blackmail market this year!). See if you can guess the identity of these esteemed leaders of our Logistics practice!



LogSys and the Intranet/BOK teams provided an update on the exciting things currently on their radar screens. One key takeaway for the LogSys group is that we continue to find enormous opportunities to help our clients on the systems front. Lets continue to look for those opportunities and involve the LogSys specialists in the sales process early on to maximize the benefit we can provide our clients.

The Intranet/BOK is available to all. If you have not yet signed on, do it soon, because the information there is invaluable. In order to keep the information up-to-date, we need your help and document samples. Information on how/when/to whom to provide this information will be distributed shortly.

Several key areas were brainstormed (in true KSA fashion) and the resulting top 10 lists from 10 hours of breakout groups were discussed and ranked. On Friday, we brainstormed the following two areas:

- Who are our competitors today and tomorrow? What are our strengths and opportunities?
- What new services/markets should we develop? How can we improve our existing /market penetration?

The brainstorming effort was extremely fruitful. The top four areas discussed were:

- ⇒ E-commerce – how to establish thought leadership and market ourselves
- ⇒ Marketing – how to improve our marketing efforts
- ⇒ 3PL – defining our role and continuing to develop that aggressively growing practice area
- ⇒ Cross-service exposure and selling – how do we better educate ourselves about what our colleagues do so we can incorporate that in our project efforts

On Saturday, we turned our focus inward, examining the following questions:

- What makes KSA a great place to work? What could make it better, specifically in recruiting, professional development, lifestyle, retention, and project management?

The results of this session revealed that KSA Logistics is a great place to work and that there are a number of key things related to communication & lifestyle that can get in the way if we're not careful. The results of this session are being reviewed by our senior principals and you can expect more on the results of this important session in the coming weeks.

One common thread throughout the entire two-day session was that KSA is doing great work and is full of great people. One of our biggest challenges is to continue to recruit new people and develop ourselves in order to meet the demand we have all created. The ideas from this last brainstorm session are currently being consolidated and ranked. We will keep you posted.

--*STEVE RIEPENHOFF*

UNION AVOIDANCE

Recently at **Consolidates Stores'** Montgomery, Alabama Distribution Center, Steve Warren, an attorney for Jackson, Lewis, Schnitzler, and Krupman of Greenville S.C., conducted an intensive eight hour Union Avoidance training class for all managers (and on-site KSA consultants). Steve is a practicing labor relations attorney who represents companies who are either facing an impending union vote or who simply want to educate their management staff on how to prevent union infusion in their facilities. The latter is the case at Consolidated Stores. Some interesting facts about unions:

- Currently, 9.8% of the private sector workforce is unionized. This has increased from 5% since 1996 when John Sweeney was elected president of the AFL-CIO.
- There is an increased focus by the AFL-CIO to campaign at college campuses, on national television, and on other forms of media in an attempt to put a positive spin on union membership.
- A union must only obtain signed cards from 30% of the employees in a facility in order to file a petition with the National Labor Relations Board and force a vote.
- Only a majority of those who *actually vote* must be obtained in order to win a union vote (not a majority of the total workers).
- If the union obtains signed cards from over 50% of the employees in a facility, it can request that the company recognize the union as the employees' representative *without a vote*.
- The top three reasons for a successful union vote are:
 - Perception that working conditions are less than optimal (69% win rate when this is the top campaign issue).
 - Company grievance procedures do not exist or are not satisfactory (67% win rate).
 - Employees are not treated with dignity and respect (55% win rate).

The focus of the training was to prevent employees from turning to outside representation. Maintaining an open door policy and practicing good listening techniques are key to good employee relations. Managers are considered agents of the company 24 hours a day, 7 days a week. With this in mind, the following guidelines were given:

DO

- Talk to the employees about the risks of signing union cards. Such risks include:
 - Cost (union dues are typically 2 times average wage). None of the costs will be financed by the company.
 - Assessments (the union may levy fees to members to finance strikes at other facilities, building new union halls, etc.)
 - Fines for employees who lead a union decertification effort after the vote has been won (no limit to the amount of the fine).
 - Check-Off Cards (these entitle the union to continue receiving dues for a period of 1 year regardless of whether an individual resigns his/her membership)
 - Collective bargaining agreements **do not** guarantee that employee wages, benefits, and hours will remain the same or improve (often, the union will negotiate wage cuts in order to obtain representation and generate dues income).

Basically, a manager may express any fact, opinion, or experience about the pitfalls of unions, as long as there is no threat of reprisal or promise of benefit.

DO NOT

- Threaten with potential company action as a result of union membership.
- Interrogate employees (simply asking a question about union activity can be considered interrogation).

- Promise company action or preferential treatment for voting against the union.
- Spy (or otherwise conduct surveillance at union activities)
-

Overall, the training was very beneficial for all who attended. We would highly recommend this type of training to any client who is either facing an impending union vote or who is simply concerned about creating better employee relations. Please contact us if you would like the documentation that was provided to us at the training or contact information to initiate your own training class.

--*BILL WOSILIUS/NEYSA COLIZZI*

VENDOR VITTLES

VENDOR INFORMATION SESSION (ATLANTA OFFICE)

Who: Automotion Conveyor

Rep: Jeff Stumpf

When: Noon to 1 p.m. - Thursday, June 9, 1999

Where: Ansley Room 9th Floor

Free pizza - need I say more? Bring your conveyor design questions for Jeff. Let me know if you will attend by Tuesday, June 8th. My extension is 7241. Thanks in advance!

--*LEANNE SMULLEN*

NOTES...NEWS...NONSENSE:

WHAT EVERY RELOCATOR SHOULD KNOW

The Logistics Group has already submitted a wealth of information to the KSA Intranet. KSAers have already begun to send in logistics project documents and ideas that will help build our Intranet site into a very powerful tool for all of us to use -- on the road or in the office. One relocating consultant had the idea to create a section specifically for relocators, which we'll call **What Every Relocator Should Know**. This section will include things like:

- Relocating tips
- Moving tips
- Best restaurants in client cities
- Things to do and see

- Travel tips by city

We're asking all relocators to add to the list -- things you wanted to know as a brand new relocator and things you want to know now. Send us your recommendations, we'll compile a list, and then we'll let you know when you can start contributing material and suggestions for each category. In next week's Hotsheet, we'll print a list of everyone's suggestions, so please respond by **Wednesday, June 9th to Amy Burns** if you want your topic ideas to be counted.

If you would like to think of a creative title for this list of topics, send that in too. Thanks everyone, and if you haven't visited the KSA Intranet yet, check it out when you get a minute, because the Logistics Group has a lot of good information already posted that might help you on your project today.

- *LEANNE SMULLEN*

HAPPY BIRTHDAY

J.D. Densmore	6/4
Frank Leggio	6/8
Greg Dugger	6/9



Rick Westbrook	6/8/98
J.D. Densmore	6/8/98
Steve Osburn	6/8/98

the HOT SHEET

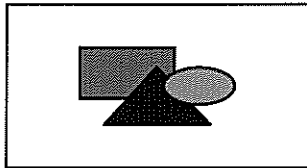
vol. 8 no. 20

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Editor: Leanne Smullen

Published by KSA Atlanta
Logistics Services Group

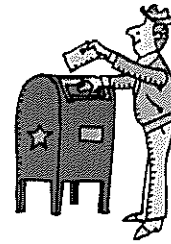
QUOTE OF THE WEEK:



**“NO MAN IS ENTITLED TO THE BLESSINGS OF FREEDOM
UNLESS HE BE VIGILANT IN ITS PRESERVATION.”**

--GENERAL DOUGLAS MACARTHUR

PROJECT POSTCARDS:



NIKE RETROFIT PROJECT WRAPUP

This week, Nike presented a wrap-up of their internal evaluation for the recently completed Retrofit assignment. In the words of Ron Edwards, Director of US Operations for Nike, this project has been a great success for Nike, and will be held forth as the model for large assignments in the future.

Congratulations to the entire KSA and Manhattan Associates team including:

Bob Roge
Scott Vifquain
Jan Watson
Britt Dayton
Adam Bowling
Michael Barnes

Ashley Deaton
Gary Megson
Anika Ball
Bill Cobb
Sharon Chancey

Cameron Geiger
Aaron Todd
Barbara Byrnes
Brad Whicker
Vish Ganapathy

Ashraf Eisa
Andy Johnson
Steve Osburn
Jaret Lynch
Eddie Cannon

Nike has recognized the success of the project in terms of:

- the speed with which they were able to meet their shipping objectives (current within 6 weeks of go-live, and shipments ahead of schedule in each month since with minimal levels of overtime)
- the high volumes they have been able to hit (record to date 555,000 units shipped in a two-shift day, as well as a record of 40,000 hanging units processed per day)
- the rapid buildup of productivity (currently at around 70 units per hour)
- monthly improvements in order turn time (currently 35% of all orders shipped within 24 hours and 98.5% within 72 hours of downloading to DCMS)
- the high degree of inventory accuracy (continued positive trends in all measured areas and high marks from a recent external audit team).
- record inbound volumes (over 600,000 units received per day on two shifts.)

Nike was particularly complimentary of several key achievements of the KSA/MA project team, with special recognition of:

- program management
- having "the right people at the right time"
- the value of a large mix of "on-site resources" (i.e. relocaters)
- the conceptual and detailed design efforts (it works!)
- the process with which the project team selected and managed outside vendors (Crisplant and Mathews)
- the successful transition of DCMS to Manhattan Associates without a negative impact to this project
- KSA's and MA's ability to "fill the gaps" in Nike's internal ability to meet the needs of the project
- the consistent "partnership" attitude displayed by all KSA and MA project team members.

In Nike's evaluation of 10 aspects of the performance of our project team, they rated us as meeting/exceeding their expectations in six areas, and rated us as exceeding their expectations in four, including technical expertise, industry knowledge, culture and value match, and fiscal responsibility.

--TORRE CRUPIE

INDUSTRY INSIGHTS

NEXT UP FOR J. JILL: RETAIL

DM MANAGEMENT TO OPEN UP TO 50 STORES BY 2001

(Catalog Age, June 1999)

Having grown sales nearly 158% in three years, from \$85 million in 1996 to \$219 million in 1998, women's apparel cataloger **DM Management** is ready to conquer another sales channel: retail. The company plans to open 10 stores in 2000 and up to 50 stores by the end of 2001.

"We believe retail will eventually represent three to four times the size of our catalog business," says Gordon Cooke, president/CEO of DM Management, which mails the Nicole Summers catalog as well as J. Jill. In fact, Cooke believes that within two years after opening the first J. Jill store, the retail division will account for nearly 15% of the company's overall business.

Next year, DM Management will test 10 J. Jill stores in malls and as stand-alone establishments. The first stores will be near the company's Hingham, MA, headquarters so that "we can keep an eye on the operations while we get our feet wet," Cooke says. A nationwide retail rollout is expected by the end of 2000.

KB TOYS MOVES ONLINE

By Tom Diederich

Consolidated Stores Corp. has tapped children's retailer BrainPlay.com Inc. to form a new company that will operate the online version of its KB Toys division, the Columbus, Ohio-based firm announced this week.

The new venture, KBToys.com LLC, will be owned 80% by Consolidated Stores, 20% by BrainPlay.com. It will be based at BrainPlay.com's Denver headquarters.

Consolidated Stores said in a statement that it would put up the \$80 million to market the venture and that BrainPlay.com would supply the technology infrastructure and management support needed to launch it into cyberspace. In addition, BrainPlay.com's Web site will become kbtoys.com.

BrainPlay.com's founder and CEO, 33-year-old Srikant Srinivasan, will serve as CEO of KBToys.com LLC, Consolidated said.

--DAN STONAKER

COLDWATER LAUNCHES ONLINE STORE WITH WEBORDER

(DM News, May 3, 1999)

Software developer Smith-Gardner & Associates, Inc., Del Ray Beach, FL, announced last week that direct mail retailer **Coldwater Creek Inc.**, Sandpoint, ID, will deploy Smith-Gardner's WebOrder online transaction solution to support its e-commerce operations.

At Coldwater Creek, Tom Scott, chief information officer, said the company chose WebOrder because it offered all the features needed to create the best online shopping experience. He also said "it's important that we have an Internet site that provides the same powerful order management and customer service features that we offer to our catalog customers."

Many catalogers are turning to companies like Smith-Gardner for reliable e-commerce solutions as the shift to online merchandising becomes more critical to long-term revenue generation and profit. Coldwater Creek has seen its own growth (and stock value) slip over the last several months, and last year the company made moves to sell off its Mile-post Four catalog after poor performance. It is currently not mailing the book.

According to Smith-Gardner & Associates, WebOrder will allow Coldwater Creek to strengthen its relationships with customers through personalization and specialized order-taking features, online payment and security and numerous interactive customer services, including online order status information, warehousing and shipping, and real-time reporting.

NOTES...NEWS...NONSENSE:

13 SIGNS THAT YOU HAVE HAD TOO MUCH OF THE 90'S:

- 1) You tried to enter your password on the microwave.
- 2) You now think of three espressos as "getting wasted."
- 3) You haven't played solitaire with a real deck of cards in years.
- 4) You have a list of 15 phone numbers to reach your family of three.
- 5) You e-mail your son in his room to tell him that dinner is ready, and he e-mails you back "What's for dinner?"
- 6) Your daughter sells Girl Scout Cookies via her web site.
- 7) You chat several times a day with a stranger from South Africa, but you haven't spoken to your next door neighbor yet this year.
- 8) You didn't give your valentine a card this year, but you posted one for your e-mail buddies via a web page.
- 9) Your daughter just bought a CD of all the records your college roommate used to play.
- 10) You check the ingredients on a can of chicken noodle soup to see if it contains Echinacea.
- 11) You check your blow dryer to see if it's Y2K compliant.
- 12) Your grandmother clogs up your e-mail Inbox, asking you to send her a JPEG file of your newborn so she can create a screen saver.
- 13) You pull up in your own driveway and use your cell phone to see if anyone is home.

HAPPY BIRTHDAY

Nancy Freitas 5/30

John Karonis 6/1



John Champion 5/29/73

Arlene Ialacci 5/29/91

Ashley Deaton 6/01/94

Ashraf Eisa 6/02/97

the HOT SHEET

vol. 8 no. 19

May 21, 1999

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“IF YOU WANT TO BUILD A SHIP, DON'T DRUM UP PEOPLE TOGETHER TO COLLECT WOOD AND DON'T ASSIGN THEM TASKS AND WORK, BUT RATHER TEACH THEM TO LONG FOR THE ENDLESS IMMENSITY OF THE SEA.”

-ANTOINE DE SAINT-EXUPERY

INDUSTRY INSIGHTS

INCREASING PROFITS BY NOT MAILING:

REFINING CIRCULATION MAKES MORE JACK FOR J.JILL

(Direct May 15,1999)

For many, waiting through the early stages of determining lifetime customer value feels like eating Brussel sprouts. It's not something you do for fun, but in anticipation of benefits to come later—like a really good dessert or increased profits.

For cataloger **DM Management Co. Inc.**, Hingham, MA it's later now. A strategy incorporating a view of customers beyond a given mailing is paying off handsomely.

In 1996 the company shook up its operations. The unprofitable Carol Reed concept was discontinued, while another title, The Very Thing, was folded into Nicole Summers, a mature woman's book. J. Jill, a flagship catalog, was refashioned with a greater emphasis on casual-style natural fiber clothes.

Audience cannibalization played a role in the need to restructure. It had not been uncommon for the same customer to receive all four catalogs at the same time, in the same poly-bag. The strategy took advantage of postage efficiencies, but likely cut into orders received.

DM Management also began looking at its customers less in terms of results from any one mailing and more in terms of overall profitability. The company, with help from database service provider Centrobe, now determines the number of catalogs sent to a particular individual based on lifetime spending patterns.

“Instead of optimizing one mailing, we want to optimize the profitability of several,” says DM Management’s director of marketing analysis Chris Fawcett. “If over the last 12 months we mailed out 14 catalogs and [a customer] responded three times, we have a feel for the profitability of the name over time.”

The goal is to maintain sales levels while reducing circulation. A customer receiving three mailings, and ordering from the first and third, allows DM Management to determine whether the second mailing can be eliminated, either for that woman or the entire customer segment she falls into.

“The objective is to see if [a cataloger] is not significantly decreasing profitability by not sending a book,” says Centrobe’s general manager for database marketing services Mark Labovitz.

Most models done by looking at the customer during one static period allow a marketer to identify the customers that are clear winners and losers. “But money is made in the middle. The issue becomes how do we maximize what’s there” in the gray areas, says Labovitz.

Sometimes, the answer is cross-selling as well as mailing management. The primary method of determining which customer gets cross-mailed, according to Fawcett, is a combination of base-level modeling done by Centrobe, augmented by Abacus catalog database information and recency and frequency data.

NOTES...NEWS...NONSENSE:

CHANGE LEADERSHIP CHECKLIST

The following is based on a checklist from a book entitled Rules and Tools for Leaders by Perry Smith.

Leading your clients through change can be challenging and stressful. However, the process can be exciting if you are well prepared and have confidence in your strategy. The following statements and questions are helpful pointers when you are dealing with a period of change.

- Leadership comes first, not management. Visioning is more important than your day planner. Create an attainable goal for people to rally around. Clarify roles and the road map. Describe what success will look like.
- A changing organization is a learning organization. What assumptions need to be challenged? What concepts and behaviors need to be taught?
- Expect exceptional performance. We get what we expect. Learn from defeats. Celebrate wins.

- Communicate is the lubricant required for success. Keep people informed. Give people time to be heard. Work through objections. Encourage creative tension. Seek inclusive solutions.
- Relationships are crucial. Partner. Listen and note common interests. Build on them. Promote teamwork.
- Do the right thing at the right time. Take risks. Don't duck the tough calls.
- Set reasonable deadlines. Don't burn people out. Create pressure for results but apply it with a sense of possibility and fun.
- Learn to love change. Resistance is futile (*alright, so I am a Voyager fan*).
- Management is about systems, controls, procedures, policies, and structures. Leadership is about trust, about allowing yourself to be vulnerable, and caring about people.

--PAM BECKERMAN

DISCOURAGED?

As I was driving home from work one day, I stopped to watch a local little League baseball game that was being played in a park near my home. As I sat down behind the bench on the first-baseline, I asked one of the boys what the score was.

"We're behind 14 to nothing," he answered with a smile.

"Really?" I said. "I have to say you don't look very discouraged."

"Discouraged," the boy asked with a puzzled look on his face, "why should we be discouraged? We haven't been up to bat yet."

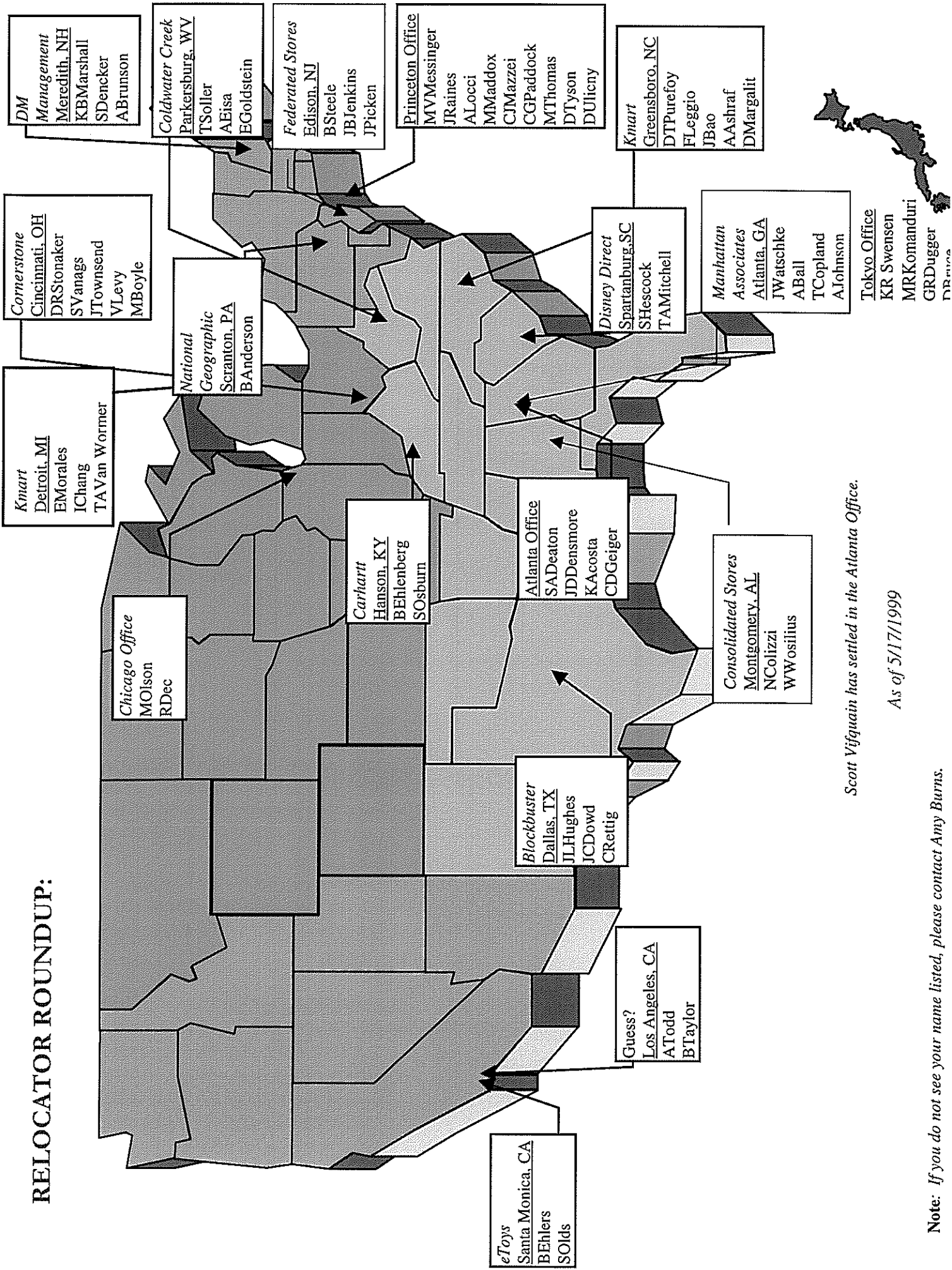
HAPPY BIRTHDAY

Chris Dowd 5/26



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

RELOCATOR ROUNDUP:



Scott Vijquain has settled in the Atlanta Office.

As of 5/17/1999

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

the HOT SHEET

vol. 8 no. 18

May 14, 1999

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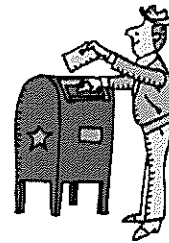
Logistics Services Group

QUOTE OF THE WEEK:

“THERE ARE ONLY TWO ENTERPRISES THAT REFER TO THEIR CUSTOMERS AS USERS, AND ONE IS ILLEGAL.”

-MICHAEL HAMMER

PROJECT POSTCARDS:



PARTING WORDS FROM THE DFS TEAM

We have been looking back at the project and DFS and evaluating how it went. We learned some valuable lessons and thought we should make some of them available.

Control Plus Supervisor - If you are going to have a very large installation of Base Plus[®], as we did at DFS, Denise Trostle would recommend that the client appoint or hire a Control Plus “Supervisor”. This person should manage the data entry process, become the system expert and serve as the head troubleshooter on most Control Plus issues. As we found out, if this does not happen, these tasks end up being handled by the project lead. It is definitely cheaper for the client to hire someone versus paying KSA \$100+ per hour to fill this role. This also ensures that the client develops the expertise to use the system from the start. Finally, a separate Control Plus Supervisor will allow the project lead to stay more focused on the engineering effort.

Standard Maintenance - Our project was 14 months long in the same buildings. While this pales in comparison to the never-ending Base Plus[®] project at Blockbuster, we encountered some issues that didn’t arise during our shorter projects. For example, we had standards that were over a year old by the time we left. Since the DFS engineers were still finishing up time studying the remaining operations, there were no resources available to begin the maintenance process. With this in mind, we recommend that when proposing and budgeting a longer Base Plus[®] project, include the days, resources and expectations of the need to conduct maintenance during the project. We did not want the supervisors and managers to feel like they could not make improvements for fear of having to take their areas off-standard, yet the client did not have the time or resources available during the project to make a change to a standard that was required.

Engineering Documentation - Like all Base Plus® projects, our engineering effort is recorded in our engineering documentation. In order to avoid the labor and cost to publish the volumes of the engineering documentation that would be required for both buildings, we worked with the client to come up with a different solution. We're publishing an Engineering Executive Summary that provides a management-level overview of the program and a brief summary of the engineering effort completed in each operation. The technical and detailed time study information are kept electronically and can be accessed by all of the engineers and managers when needed via the DFS network. A copy of this executive summary will be available in the BOK.

--CHRIS PADDOCK

INDUSTRY INSIGHTS

AN IMAGE-BASED ADVERTISING APPROACH *The Catalog and Web Marketer May 3, 1999*

Image-based ads are becoming more and more common among catalog and web marketers. Instead of trying to sell a specific product, they emphasize an aspect like price, convenience or service.

Amazon.com takes a humorous, tongue-in-cheek approach to play up its vast number of titles with an ad that features a newspaper clipping from the Scots Valley Pub-Herald tacked up on a bulletin board. The clipping shows a black-and-white photo of a Scottish sheepherder with his dog in a field of sheep. The photo caption contains the punchline: "Amazon.com barter with local sheepherder for space to house its 4.7 million video, CD and book titles. Negotiations come to a halt when Mr. MacGregor heads to the local pub for a pint of draft." Below the clipping is amazon.com's logo and slogan: "There's only one place big enough for Earth's biggest selection."

e-Toys.com, which offers toys, plus children's software, books and videos, stresses the convenience of its online store in a series of ads. Though the ads use a single product by way of illustration, the point is the convenience of shopping online vs. at retail. For example, one ad appearing in *Child* is headlined: "A Tale of Two JumpStarts" (referring to a popular children's software by the same name). Identical photos of the software top two lists. The first list includes the 12 steps involved in retail shopping, such as 1. Drive to computer warehouse store; 2. Wander aimlessly through aisles;...5. Untangle child from \$4,500 network;...10. Wait in long checkout line; 11. Get stuck in traffic on the way home; 12. Realize you left your wallet at checkout stand.

The other list is much shorter: 1. Turn on computer; 2. Go to www.eToys.com; 3. Browse "award-winners" in software department; 4. Software is delivered to your doorstep. Below the lists, the ad goes on to explain: "Let's face it. Buying children's software can be confusing. But now there's eToys.com, the online toy store where all the best known programs are just a simple click away...."

VENDOR VITTLES

COST COMPARISON IN 10 METRO AREAS

Total annual operating costs for a distribution center are highest in Minneapolis and lowest in Sioux Falls, according to a distribution warehousing site selection study of ten metropolitan areas conducted by The Boyd Co., Princeton, NJ, a corporate site selection firm.

The study analyzes all "major geographically variable operating costs critical to the selection process for a new DC, including labor, utilities, taxes, amortization and shopping, says John Boyd, president.

Total costs in Minneapolis are \$19.1 million per year compared with \$15.5 million in Sioux Falls, SD. Other cities in the study are Atlanta, Chicago, Cincinnati, Dallas, Denver, Memphis, Milwaukee and St. Louis.

Annual operating costs in the study are scaled to a representative 450,000-square-foot DC employing 150 hourly workers and shipping to a North American market.

The study compares annual shipping, labor, electric power and occupancy costs for each of the 10 cities.

Shipping costs, broken down into inbound and outbound, are highest in Atlanta, \$9.3 million, and lowest in St. Louis, \$7.7 million.

Labor costs include average hourly earnings, annual base payroll cost and fringe benefits. St. Louis ranks as the most costly labor area at \$5.3 million and Sioux Falls is the least costly at \$3.6 million.

Electric power costs range from a high of \$349,000 per year in Chicago to a low of \$227,000 in Sioux Falls.

Occupancy costs include amortization, property taxes, and heating and air conditioning. Chicago has the highest occupancy costs, \$5.1 million, while Atlanta has the lowest, \$3.1 million.

--STEPHANIE SAUER

NOTES...NEWS...NONSENSE:

THE WOW PROJECT BY TOM PETERS

EXCERPTS: IN THE NEW ECONOMY, ALL WORK IS PROJECT WORK

(Fast Company, May 1999) Part Five of Five

Congratulations! After what feels like—or actually is—months or years of hard work and mega-amps of personal energy, the project is happening. You've achieved rollout: The new product is in the marketplace, the new service is available to customers, the new sales force is in place, the new customer-service center is open for business. Now comes the (really) hard part.

It's time for you to turn the project over to someone else to run on a day-to-day basis. It's time for you to walk away from the project that you worked so hard and against such long odds to create, sell and execute—so that you can now start the creative cycle all over again. It's the healthy thing to do, it's necessary, and it's hard.

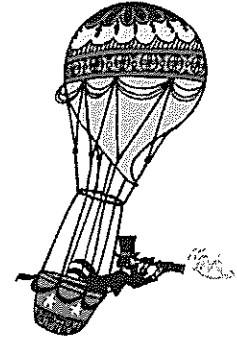
The first thing you do is to throw the party-to-end-all parties. If project management is emotion management, then you and your team members will need a serious celebration to mark your accomplishment. Don't be shy about it: Remember, you're still selling the project, still building your brand. Commission the writing of a project history that records the contributions of your team members and that captures the important lessons that were learned during the project's development. And send out thank-you notes to all the helpers, supporters, and raving fans who made it possible: You're going to need them again—on your next WOW project. Make sure that you give your successor your blessing, and that everything you do as you hand off the project is designed to make that person's job easier. The whole bloody point is to make sure that the project stays successful—not to demonstrate that without you, it would quickly hit the skids. (Memo to self: Don't be dumb!)

The end of the project marks your biggest opportunity: the chance for you to do a self-evaluation. Calling the project a "success" doesn't begin to capture the real value of the experience. If you're intent on making it an intensely personal success, you need to spend some time reflecting on what the project has meant to you. What did you learn from it? What were you good at? What were you less good at? What skills did you feel yourself developing? What skills do you still need to develop? As you do your own project postmortem, you're not only closing the emotional and professional books on your last project, but you're also opening the first chapter of your next project.

You do your evaluation, you look for a narrow project with wide implications, you give each project the "Does it matter?" test, and you begin the WOW project cycle all over again. You've learned to move from project to project in a world where work is defined by projects. You've learned the new equation of the world of work: You = Your Projects.

Welcome to your life in the projects.

AN ENGINEER AND A MANAGER....



A man is flying in a hot air balloon and realizes he is lost. He reduces altitude and spots a man down below. He lowers the balloon further and shouts, "Excuse me, can you help me? I promised my friend I would meet him half an hour ago, but I don't know where I am."

The man below says, "Yes, you are in a hot-air balloon, hovering approximately 30 feet above this field. You are between 40 and 42 degrees N. latitude, and between 58 and 60 degrees W. longitude."

"You must be an engineer!" says the balloonist. "I am," replies the man.

--*JEFF DERUITER*

"How did you know?"

"Well," says the balloonist, "everything you told me is technically correct, but I have no idea what to make of your information, and the fact is I am still lost."

The man below says, "You must be a manager!" "I am," replies the balloonist, "but how did you know?"

"Well," says the engineer, "you don't know where you are, or where you are going. You have made a promise, which you have no idea how to keep, and you expect me to solve your problem. The fact is you are in the exact same position you were in before we met, but now it is somehow my fault."

HAPPY BIRTHDAY

Andrea Brunson	5/14
Andy Johnson	5/15
Steve Osburn	5/16
Bill Cobb	5/18

*HAPPY
ANNIVERSARY*

Bob Roge

5/14/90

CONGRATULATIONS

To the newly promoted Logistics, Logistics Systems and Supply Chain Managers

Chris Davis
Cameron Geiger
Ralph Wear
Scott Vifquain
Scott Daughdril
Brooks Kitchel
Chris Port

the HOT SHEET

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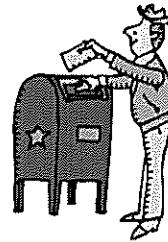
Logistics Services Group

QUOTE OF THE WEEK:

“HAVE MORE THAN THOU SHOWEST, SPEAK LESS THAN THOU KNOWEST.”

-WILLIAM SHAKESPEARE

PROJECT POSTCARDS:



S.T.A.G.E. PROGRAM NETS 60% GAINS FOR WOLVERINE WORLD WIDE

KSA recently ended its on-site involvement in implementing the S.T.A.G.E. (Striving to Achieve Goals Everyday) program in Wolverine World Wide's new Howard City, Michigan facility. The KSA on-site project team of Mark Thomas and Rich Dec (with major contributions from Andrea Brunson as well) helped Wolverine achieve over 60% productivity gains within the in-scope operations. These gains come at a great time for Wolverine as it is focusing on re-invigorating its earnings growth. We have scheduled follow-up visits to help ensure the evolution of the S.T.A.G.E. program and are looking forward to working more with Wolverine in the future.

--RICH DEC

DFS WRAP-UP

The Base-Plus project at Distribution Fulfillment Services in Columbus, Ohio has finally wrapped up. The project team spent a total of 14 months in Columbus working to help Eddie Bauer and Spiegel distribute to both their retail and catalog customers. A total of 57 standards were installed for over 900 associates in both buildings. Six client engineers, one Control Plus supervisor and six Control Plus clerks were trained and are now beginning maintenance on the established standards.

The results and savings of the project are shown below:

Overall Labor Savings to Date - \$3.7M

Projected 5-year Labor Savings - \$41M

Additional Savings in Materials, Shipping etc. - \$15M

Fisher Road (Retail) Productivity Improvement – 45%

Groveport (Catalog) Productivity Improvement – 35%

Other exciting, yet very challenging, results were the real-life demonstrations and practical uses of Managing Organizational Change we were able to realize throughout the project. Some examples include:

- The uninformed optimism of associates and management that quickly turned to informed pessimism in almost every operation we engineered. In fact, one of our engineers was called “the anti-christ.” A great example of checking out publicly!
- Unfortunately, we also had to deal with the DC manager’s lack of sponsorship in one of our buildings. Because of this, a serious black hole in sponsorship was created at the manager level when they failed to cascade the need for the change down to their supervisors. Faced with wasted days of follow-up and no action, we had to turn up the pain significantly with the DC Manager’s boss to build the sponsorship where it needed to be.
- We celebrated the first glimmer of hopeful realism at DFS when the first individual success stories of associates who were now on-standard became known to all in the weekly TeamShare Plus newsletter. “Stay away” turned into “When are you coming to my area?” and we watched the savings start to roll in.

The results of our project have led directly to another Base-Plus inquiry for Newport News Industries, a separate direct-market merchandiser of The Spiegel Group. We are also recommending more planning and implementation work for the 4M ft² DFS retail building. Additionally, we are proposing to assist DFS implement a new PkMS WMS for their entire distribution network.

The following consultants along with THBarr and JFBoudreau worked extremely hard and are responsible for the tremendous results:

Ken Acosta	Chris Paddock
Barbara Byrnes	Chris Rettig
Neysa Colizzi	Denise Trostle
Tim Copland	Diallo Tyson
Dorron Margalit	Randy Unger
Valencia Mitchell (Intern)	Charlie Voellinger (Intern)

--CHRIS PADDOCK

VENDOR VITTLES

LOOK OUT LTL, FEDEX MOVES IN ON FREIGHT *Transportation & Distribution (April 1999)*

FedEx has built its name and image through the success of its small package network. On March 15th, the express carrier threw open its cargo doors to shippers in the freight business. On that date, the company launched a major new program accepting palletized and unitized shipments for one, two, or three-day express delivery.

FedEx has been carrying limited amounts of freight since 1989 when the company acquired Flying Tigers. However, most of that traffic was international and sold to freight forwarders. FedEx brought domestic freight services to their product mix in 1990 with an overnight and two-day delivery option. But the company kept strict caps on the quantity of freight it would accept due to the difficulty of moving both packages and freight through a hub system.

For two years, the company has operated a pilot program called Express Saver Freight. The pilot turned into a new service when the company realized it had a product that could bridge the shortfalls of traditional airfreight and LTL networks. One of the keys to the program's success is FedEx's strict stipulation that they will only accept palletized or unitized freight shipments.

--LEANNE SMULLEN

NOTES...NEWS...NONSENSE:

THE WOW PROJECT BY TOM PETERS

EXCERPTS: IN THE NEW ECONOMY, ALL WORK IS PROJECT WORK

(Fast Company, May 1999) Part Four of Five

Now that you've worked hard to identify and to sell your WOW Project, you're ready to roll into phase three: time to execute!

Except that it doesn't work that way—not exactly. Only in magazine articles can you break down work into separate, tidy phases. In the real world of work, this stuff overlaps, runs together, merges, separates, and merges again. In real work life, the DNA of a WOW Project is present in each of the four phases: What differs is the relative concentration in each phase. So, for example, while you're getting your WOW project started, you're already doing some of the things that will become important later in the life of the project—such as practicing how to pitch it and doing early community organizing. And as you move into selling your WOW project, you're already doing some of the things that you'll need to do to execute it—such as prototyping, listening, and improving. Just remember: You don't stop doing some activities simply because the emphasis shifts. It's more a matter of recognizing where you are in the project's evolution, so that you can make the right kind of concentrated effort at the right time.

At the execution phase, you need to be sure to put the right kind of concentrated effort into following three important “do's” and three equally important “don'ts.”

- *Do* think of execution as a series of rapid prototypes. Life is a series of approximations. You will never get your project right the first time (or the 21st time, for that matter)—never.
- *Do* think, live, sleep, eat and breathe your time line. It's time to get serious about getting your project done. So break this big amorphous thing called “your project” into a living To Do list.
- *Do* keep it fun. The point of the living To Do list is to make it clear that you have reached the button-down phase of the project. But that doesn't mean that you have to button down your personality. Don't you dare lose the sense of playfulness that brought the team together in the first place.
- *Don't* talk it to death. You're going to spend a good part of any project talking about your project. But the reality in most organizations is that execution too often turns into talking about execution. It becomes talking instead of doing.
- *Don't* stop selling. Here's another way to think of execution: It's “just” scaled-up sales. Your job during the execution phase is to roll out your project. And that means building an ever-widening support base.
- *Don't* lose the emotion; don't let the project go dry. Just as important as keeping the project on track is keeping it WOW! Face it: Project execution is emotionally draining. This is the time to take a station break. Take your team off-site for a daylong excursion. Go back to first principles, and see whether you're still on course emotionally. Bring in a new recruit, someone with fresh energy and enthusiasm. But don't lose the energy that created the WOW Project in the first place.

ANAGRAMS

An Anagram, as you all know, is a word or phrase made by transposing or rearranging the letters of another word or phrase. The following are exceptionally clever. Someone out there either has way too much time to waste or is deadly at Scrabble.

When you re-arrange the letters:

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

--*JANET CUNNINGHAM*

EIGHT GIFTS THAT DO NOT COST A CENT

- 1) THE GIFT OF LISTENING... But you must REALLY listen. No interrupting, no daydreaming, No planning your response. Just listening.
- 2) THE GIFT OF AFFECTION... Be generous with appropriate hugs, kisses, pats on the back and handholds. Let these small actions demonstrate the love you have for family and friends.
- 3) THE GIFT OF LAUGHTER.... Clip cartoons. Share articles and funny stories. Your gift will say, "I love to laugh with you."
- 4) THE GIFT OF A WRITTEN NOTE... It can be a simple "Thanks for the help" note or a full sonnet. A brief, handwritten note may be remembered for a lifetime, and may even change a life.



- 5) THE GIFT OF A COMPLIMENT...A simple and sincere, "You look great in red," "You did a super job" or "That was a wonderful meal" can make someone's day.
- 6) THE GIFT OF A FAVOR... Every day, go out of your way to do something kind.
- 7) THE GIFT OF SOLITUDE... There are times when we want nothing better than to be left alone. Be sensitive to those times and give the gift of solitude to others.
- 8) THE GIFT OF A CHEERFUL DISPOSITION... The easiest way to feel good is to extend a kind word to someone, really it's not that hard to say, Hello or Thank You. Friends are a very rare jewel, indeed. They make you smile and encourage you to succeed. They lend an ear, they share a word of praise, and they always want to open their hearts to us. Show your friends how much you care.

--PAM BECKERMAN

HAPPY BIRTHDAY

Randy Moore	5/9
Todd Mitchell	5/10
Barbara Byrnes	5/12

HAPPY
ANNIVERSARY



Jack Horst	5/4/92
Shawn Olds	5/4/98

the HOT SHEET

vol. 8 no. 16

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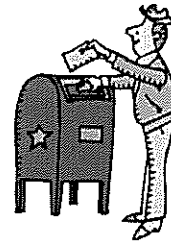
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Editor: Leanne Smullen

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Logistics Services Group

QUOTE OF THE WEEK:

"BE THE CHANGE YOU WANT TO SEE IN THE WORLD."

-MAHATMA GANDHI (1869-1948)



PROJECT POSTCARDS:

PROGRESS AT BLOCKBUSTER

Greetings from the great state of Texas! It's been a while since we've updated you on the progress of our Base Plus implementation here at Blockbuster, so here goes. First, Chris Dowd is still on site -- 32 months and counting! Randy Moore has made it his goal to keep Chris here until he breaks Mike DeBruyn's record for length of time at one client. That goal is definitely within striking distance! Chris Rettig is the newcomer here in Dallas, with "only" five months under her belt. Jana Hughes is still here a couple of days per week, and Randy comes into town when his schedule allows.

So far, we've put 10 departments and approximately 600 people on standard. We have generated over \$1 million in labor savings, and paid over \$160,000 in bonus. The STAR (Share Teamwork and Rewards) program has been very successful to this point. We have four client engineers, all of whom have responsibility for various departments throughout the building. We also have strong support from senior client personnel, who are dedicated to making the program a success. Managers and supervisors are on a bonus program, which keeps them keenly interested in the performance and on standard percentages of their departments!

On the personal side, Dallas is a great town to live in. Tons of entertainment, great sports and culture, fantastic restaurants and lively nightlife all combine to keep the weekends busy. Last week, Chris, Chris, and Chris Kalbach (client engineer) all enjoyed a Major League Soccer game at the Cotton Bowl. Chris Dowd and Chris Kalbach found it very difficult to keep to "a beer per inning" pace with that darn continuous clock! To compensate, a few Rangers games are next up on the agenda. Cheers!

--CHRIS DOWD

INDUSTRY INSIGHTS

RETAIL VS. E-TAIL

(Source: March 1999 Inbound Logistics)

The recent growth of online retailing has been tremendous with sales reaching nearly \$3 billion during the 1998 holiday season. The increase of e-tailing has become a growing source of tension between online retailers and their brick-and-mortar counterparts. Traditional retailers have had to adjust long-standing logistics strategies to keep up with the competition.

ONLINE AND TRADITIONAL RETAILERS BATTLE IT OUT

Traditional retailers that try to tackle the online market are finding that the task is far from an easy one. Compaq Computer Corp.'s recent announcement that it will withhold PC sales from the Internet demonstrates the growing tension between manufacturers that have moved into the direct sales arena and their brick-and-mortar stores. Compaq is undertaking a 90-day evaluation period to study the impact of disallowing exclusive online retailers from selling its Presario PC products. Companies impacted by this include Buy.com, Value America, and Cyberian Outpost. Compaq says the decision is a result of the company's need to re-strategize its online sales program.

The need for evaluation stems from what has made e-tailing such a success – lower prices. Many e-tailers are able to have significantly lower operating costs by carrying no inventory and depending on outside distributors. Compaq says that its current distribution program is inappropriate for online sales because it focused heavily on aspects such as customer service and is specifically intended for floor sales. The real issue here is that brick-and-mortar retailers are expressing fears and concerns that online retailers are “stealing” their customers. Many suppliers are currently addressing these concerns by keeping prices the same over the Internet that they are in the store. Nike sells products at full price plus shipping so that retailers can compete on price. Nike emphasizes the idea that its web site complements store sales.

INVENTORY CONUNDRUM

In addition to manufacturers concerns about distressing retailers, there are also questions of inventory distribution and removal of additional middlemen. For goods that are customized to order, the Internet cuts out many middlemen and layers of inventory ownership. Manufacturers can even sell direct to customers without a lot of costly retail store infrastructure. On the other side, retailers who add a web sales channel often have to add another layer of inventory in the form of a separate fulfillment center to meet the orders of individual customers. Customer orders are very different from the orders required to meet store replenishment and this significantly changes the dynamics of the supply chain. Sears Roebuck and Company has typical Flow-through distribution centers to stock the stores, but uses a separate fulfillment center to satisfy immediate customer orders.

Not all companies are taking this approach. In a trial effort, Gap has experimented with using a single large distribution center to service its stores and then using the 1,450 retail stores as miniature distribution centers to satisfy individual customer orders. Gap has rigorously promoted its web site as a convenient alternative for purchasing Gap's products. Its flagship stores even offer web access so customers can purchase online items that are not in stock. Gap then uses bike and car messengers from local stores to deliver a customer order directly to the home on the same day.

THE BATTLE WILL CONTINUE

This is a major change for retailers and with any change comes resistance. Companies are just beginning to step into the exploration stages of who they are in the world of e-commerce. Many companies are concerned about what online sales will mean for their traditional stores. There are culture issues to deal with as well and some companies such as Barnes & Noble have opted to set up entirely separate divisions from their existing organization. Whatever the results of this conflict, retailers will soon be forced to abandon their dinosaur legacy systems or face becoming extinct.

Sounds like some major consulting opportunities to me!

--CJMAZZEI

NEIMAN MARCUS SELECTS CIRCLE AS GLOBAL LOGISTICS SUPPLIER

Neiman Marcus has selected Circle International for an integrated package of global logistics services incorporating worldwide air freight transportation, customs brokerage and logistics information support.

VENDOR VITTLES

GOT VENDOR COMPLIANCE MANUALS?

OK, it's not as catchy as the ad slogan, 'Got Milk?' but hopefully it caught your attention. So...

Have you worked on a Vendor Compliance Manual with your client in the past two years? If so, and you have an electronic version of it sitting on your hard drive (or elsewhere in your personal Body of Knowledge), could you take a couple of minutes to e-mail it to me? I am trying to collect some information for our colleagues in KSA Tokyo who are working on the Jusco project.

Thanks in advance, and I appreciate you passing along the knowledge and keeping your fellow consultants from having to reinvent the proverbial wheel.

--LEANNE SMULLEN

NOTES...NEWS...NONSENSE:

THE WOW PROJECT BY TOM PETERS

EXCERPTS: IN THE NEW ECONOMY, ALL WORK IS PROJECT WORK

(Fast Company, May 1999) Part Three of Five

Selling Your WOW Project

If you read the literature on project management carefully, there is one word that I guarantee that you won't find: selling. People in the world of project management talk about everything else—from PERT charts (PERT stands for program evaluation and review technique), Gantt charts, and time lines, to “specification creep” and “risk-management methodology.” Rarely, if ever, will you hear those people talk about the need to *sell* your project. The assumption seems to be that, like a better mousetrap, a worthy project will sell itself.

Although the project-management experts may not appreciate the need to sell, there is a group of businesspeople who do understand the critical role of selling projects. They are the people who inhabit the “real” professional-services firms: Every management consultant, every ad-agency wizard, every stock-market jock is a salesperson. They're selling their strong point of view, their recognized expertise, and their scintillating services to customers on the outside, and they're selling their reliability, dependability, and talent to colleagues on the inside. It's just another part of our old friend, the Brand Called You. Your project and your brand go hand in hand: Both depend on your ability to sell yourself and to sell your project. If you want your WOW project to happen, you have to learn how to sell it—smart, hard, and from beginning to end.

A PWPL has to master two essential sales skills; pitching and community organizing. The art of the pitch boils down to what we call “the two-minute elevator spiel.” You're on your way to your office, and you're riding the elevator. The doors open, and the CEO gets on. As the doors slowly slide shut, she turns to you and asks, “What are you working on that makes a difference to this company?” Her eyes bore into you. You're alone in the elevator with the biggest of the big cheeses, and you've got two minutes to tell her exactly why your project matters. So what is your pitch?

Sure, you've got butterflies in your stomach and a hammer in your heart—but the elevator pitch isn't really about dealing with pressure. It's about communication. And caring. Can you take the hopelessly complicated set of problems that you're juggling in your project and reduce those problems to three bullet points that anyone can immediately understand? Better yet, can you dispense with PowerPoint slides altogether and sum up your project in the perfect metaphor.

The other essential skill is community organizing. It's an art that flourished in the 1960s under the tutelage of legendary activists such as Saul Alinsky and Cesar Chavez, who was the founder of the United Farm Workers. The lessons they taught also apply to your project. Community organizing is all about building grass-roots support. It's about identifying the people

around you with whom you can create a common, passionate cause. And it's about ignoring the conventional wisdom of company politics and instead playing the game by very different rules.

(Part Four Next Week)

ACTUAL SIGNS

In the front yard of a funeral home, "Drive carefully, we'll wait."

On an electrician's truck, "Let us remove your shorts."

Outside a radiator repair shop, "Best place in town to take a leak."

In a non-smoking area, "If we see you smoking, we will assume you are on fire and take appropriate action."

On a maternity room door, "Push, Push, Push."

On a front door, "Everyone on the premises is a vegetarian except the dog."

At an optometrist's office, "If you don't see what you're looking for, you've come to the right place."

On a taxidermist's window, "We really know our stuff."

On a butcher's window, "Let me meet your needs."

On a fence, "Salesmen welcome. Dog food is expensive."

At a car dealership, "The best way to get back on your feet - miss a car payment."

Outside a muffler shop, "No appointment necessary. We'll hear you coming."

In a dry cleaner's emporium, "Drop your pants here."

On a desk in a reception room, "We shoot every 3rd salesman, and the 2nd one just left."

In a veterinarian's waiting room, "Be back in 5 minutes. Sit! Stay!"

At the electric company, "We would be delighted if you send in your bill. However, if you don't, you will be."

In a Beauty Shop, "Dye now!"

On the side of a garbage truck, "We've got what it takes to take what you've got." (Burglars please copy.)

In a restaurant window, "Don't stand there and be hungry, come in and get fed up."

Inside a bowling alley, "Please be quiet. We need to hear a pin drop."

In a cafeteria, "Shoes are required to eat in the cafeteria. Socks can eat any place they want."

HAPPY BIRTHDAY

Britt Dayton 5/1



Jack Horst 5/4/92

Shawn Olds 5/4/98

the HOT SHEET

vol. 8 no. 15

April 23, 1999

Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“THE BEST AND MOST BEAUTIFUL THINGS IN THE WORLD CANNOT BE SEEN OR EVEN TOUCHED. THEY MUST BE FELT WITH THE HEART.”

-HELEN ADAMS KELLER (1880-1968)

INDUSTRY INSIGHTS

INDUSTRY INFO & KSA QUOTED

(Source: Forbes)

Since KSA works extensively with consumer products and retail companies, I thought this article was very interesting. Many people think this new technology will transform retailing. I have summarized some of the key points. Give it a quick read.

300,000 Points of Light

At the headquarters of Textile / Clothing Technology Corporation or [TC]², a body scan may be taking place right now. Body scanning is the latest method of custom tailoring, where fashion meets technology. A body scan can quickly and accurately replicate a tailor's tape measure. The difference is that the body scan has the ability to measure every single dimension of your body very quickly and with amazing precision. This information obviously can increase an apparel maker's ability to custom make apparel. Additional bits of information such as wrist circumference and torso length can now be recorded and incorporated into the design of the garment. The process plots 300,000 topographical points from the triangulation created by the projector, camera, and subject. The booth where the process takes place does not consist of much: three 8-foot-tall towers for the projectors and cameras, a control console, and 400 square feet of light blocking cotton cloth.

Many high end retailers including companies like Brooks Brothers are lining up to incorporate [TC]² patented technology into their business operations. A recent survey by Kurt Salmon Associate reveals that customers are frustrated with the discrepancies with generic sizing and are willing to pay up to 12% to 15% more for custom-made apparel. Other companies reportedly interested in this new technology are The Gap, Tommy Hilfiger, and Levi's.

To get a sense for how this technology may work, imagine first that you have a body scan. The entire process takes about 30 minutes at the end of which you are given a CD or disk that contains all of your specific information. The next time that you walk into a retail store which utilizes this technology, a sales person simply inserts your disk into their computer which then recommend sizes for the garment that you or looking for. If you want the garment custom made, the retailer can simply place an order into their computer, send the information via the Internet to their factory, and have the product shipped to you at your home. If you do not want to leave your house to shop, simple email your information to the retailer and place your order over the Internet directly via the companies web site. This could possibly eliminate much of the concern of proper fitting from using direct order to purchase apparel.

Brooks Brothers presently manufactures about 50 special-order shirts a week for its retail stores. The shirts cost \$125 as compared to the \$75 off the rack version. The retail special order program went electronic in March, and Brooks Brothers started using its in store computers to fulfill customer requests. Over time, as volume increases, prices are sure to drop and bring the custom apparel segment closer to traditional apparel. When that happens, off-the-rack retailing may never be the same again.

--CJMAZZEI

NOTES...NEWS...NONSENSE:

STANDING ALONE

Consultants are change agents. This is not territory for the faint hearted. Guiding people through transition requires preparation, fortitude, insight, and a wide range of analytical and communication skills. In varied discussions over the last few weeks, I have noticed there is one competency that change agents and leaders, in general, often find useful. This competency is called *Standing Alone* (from the Career Architect profile). I thought it would be helpful to explore this competency a bit and provide some tips on how to develop it.

<i>Unskilled</i>	<i>Skilled</i>	<i>Overused Skill</i>
<ul style="list-style-type: none"> • Isn't comfortable going it alone • Prefers to be in the background • May avoid conflicts • Doesn't take the lead on unpopular stands 	<ul style="list-style-type: none"> • Will stand up and be counted • Takes personal responsibility • Willing to be the only champion for an idea • Is comfortable working alone on a tough assignment 	<ul style="list-style-type: none"> • May be a loner and not a good team player • May not give enough credit to others • May be seen as too self-centered

Standing alone involves being comfortable with the conflict inherent in being an individual champion. It means staking out tough positions, speaking out in a lone voice. It requires a strong sense of self and a lot of self-confidence. Leading is many times standing alone. Suggestions for successfully *Standing Alone*:

Sell your stand – Develop a strong case. Educate. Involve. Find what motivates your target audience and link your presentation to it. Listen. Find an ally. Bring in an expert. Anticipate objections. Ask clarifying questions. Persist but do not hammer. Agree when possible. Do not let people make this personal. Build on small wins.

Build up your heat shield – Build your ability to take the heat. Prepare your position thoroughly so you are ready and confident. Connect with your passion and let it motivate you. Keep your self-talk positive. Have a good support system. Keep your eye on the prize. Be philosophical. If you never fail, you are not taking enough risks and not learning enough. Be willing to be inventive.

Take personal responsibility – Take the blame and the heat. Be gracious when you are right and willing to admit when you are wrong.

Keep your cool - Manage your emotional reactions and your body language. Use questions and humor to reduce tension. Actively manage your on-going stress. Exercise. Sleep. Eat nutritionally. Embrace ambiguity. Remember that this is a process.

--PAM BECKERMAN

BEST EXCUSES IF YOU GET CAUGHT SLEEPING IN YOUR CUBICLE

- It's okay...I'm still billing the client.
- "They told me at the blood bank this might happen."
- This is just a 15-minute power-nap like they raved about in the last time management course you sent me to.
- I was working smarter, not harder.
- "Whew! Guess I left the top off the liquid paper"
- "I wasn't sleeping! I was meditating on the mission statement and envisioning a new paradigm!"
- This is one of the seven habits of highly effective people!
- I was testing the keyboard for drool resistance
- I'm in the management training program
- Actually doing a "Stress Level Elimination Exercise Plan" (SLEEP) you learned at the last mandatory seminar your boss made you attend.
- This is in exchange for the six hours last night when I dreamed about work!
- "I was doing a highly specific Yoga exercise to relieve work-related stress.
- Are you discriminatory towards people who practice Yoga?"
- Damn! Why did you interrupt me? I had almost figured out a solution to our biggest problem.
- The coffee machine is broke....

- Someone must've put decaf in the wrong pot.
- Boy, that cold medicine I took last night just won't wear off!
- It worked well for Reagan, didn't it?
- I was cross training for telecommuting. (Next, I watch the Walton's)
- Ah, the unique and unpredictable circadian rhythms of the workaholic!
- Wasn't sleeping. Was trying to pick up contact lens without hands.
- The mailman flipped out and took out a gun so I was playing dead to avoid getting shot.
- I thought you (boss) were gone for the day.

(Publisher's Note: Part Two of a Five Part Series...)

THE WOW PROJECT BY TOM PETERS

EXCERPTS: IN THE NEW ECONOMY, ALL WORK IS PROJECT WORK

(Fast Company, May 1999)

Finding and Creating Your WOW Project

It's out there, waiting for you—your WOW project. All you have to do is find it, identify it, and then create it. It's that easy—and it's that hard. After all, how are you supposed to know it when you see it? And once you've got it, how do you know how to shape it, to develop it, to make it WOW?

To answer those questions and to keep you on the right track, here are four steps to take to make your WOW project happen, one trap to avoid that could kill it, and five criteria to use to judge it.

Step One: Take the “Does it matter” test. No project worth talking about ever came to pass without passion. Period. So, as you begin to gauge the worth of a potential project, ask yourself a series of passion-parsing questions: What do you care about? What matters to you? What matters to your company? If an idea for a project is meek and weak—the equivalent of just another line extension—it simply isn't worth spending time on. A WOW project has to meet or to create a compelling need—or to be capable of being redefined so that it does.

Step Two: Here's the corollary to Step One: No project is too mundane to become a WOW Project. I've seen a person who was assigned a presumably dead-end task—cleaning up a warehouse—turn that project into a chance to redesign the company's distribution system and to earn a ticket to even more responsibility and even cooler projects. All it took for that to happen was the application of personal passion and an unwillingness to see the project as anything other than a first-rate opportunity.

Step Three: To a real life-in-the-projects person, everything is a golden learning opportunity. To Richard Branson, the passionate, daring, let's-try-it-and-see-what-happens chairman and president of the Virgin Group, the whole world is full of projects waiting to be discovered. His main tools for project discovery: a seemingly endless series of notebooks in which he painstakingly records his observations about everything that he runs across. In these notebooks—

which probably number in the hundreds—are all kinds of observations on projects that are just waiting to happen.

If you're always observing, you're always learning—and, in the process, you're collecting ideas, leads, starting points that you can turn into a WOW Project later on. Open your eyes, and you'll start seeing project material everywhere you look. What's more, recording what you see teaches you another critical project lesson: Little things do matter. For instance, design counts. When you're looking for passion to infuse your project with, design is where you'll find it. And passion can come in small touches: A flash of humor can change a completely mundane, easily overlooked communication into a personal expression of attention.

Step Four: Use superfast approximations to refine your WOW Project. 3M has build a company around a simple approach: Make a little, try a little, sell a little—and then repeat those steps. The fastest, smartest way to get your project defined and refined is to practice the art of quick prototyping. Don't keep your project hidden in some private skunk works until you can hone it into a perfect deliverable. Instead, make a rough prototype, and show it to some team members. Listen to their feedback; then go back and make a second prototype. Show it to them again. You'll be doing two things at once: improving your project, and selling people on its value (after all, you've incorporated their input!). Make a little, try a little, sell a little—that's how prototyping and selling overlap from the beginning of a WOW project.

Five Criteria for Judging Each Project:

1. Wow!
2. Beautiful!
3. Revolutionary!
4. Impact!
5. Raving fans! (That last criteria comes courtesy of Ken Blanchard and Sheldon Bowles's book *Raving Fans: A Revolutionary Approach to Customer Service.*)

After all, this is the big enchilada. We all know what those five terms mean. (Right?) But we rarely—make that, never—use such language between 9 a.m. and 5 p.m. It's time to change that. Write down those five terms on a card. Put the card in your wallet. When the time comes for you to judge whether a proposed project measures up—or can be made to measure up—simply dig the card out of your wallet. It either measures up, or it doesn't. You'll know.

(Part Three will be featured in next week's Hotsheet.)

HAPPY BIRTHDAY

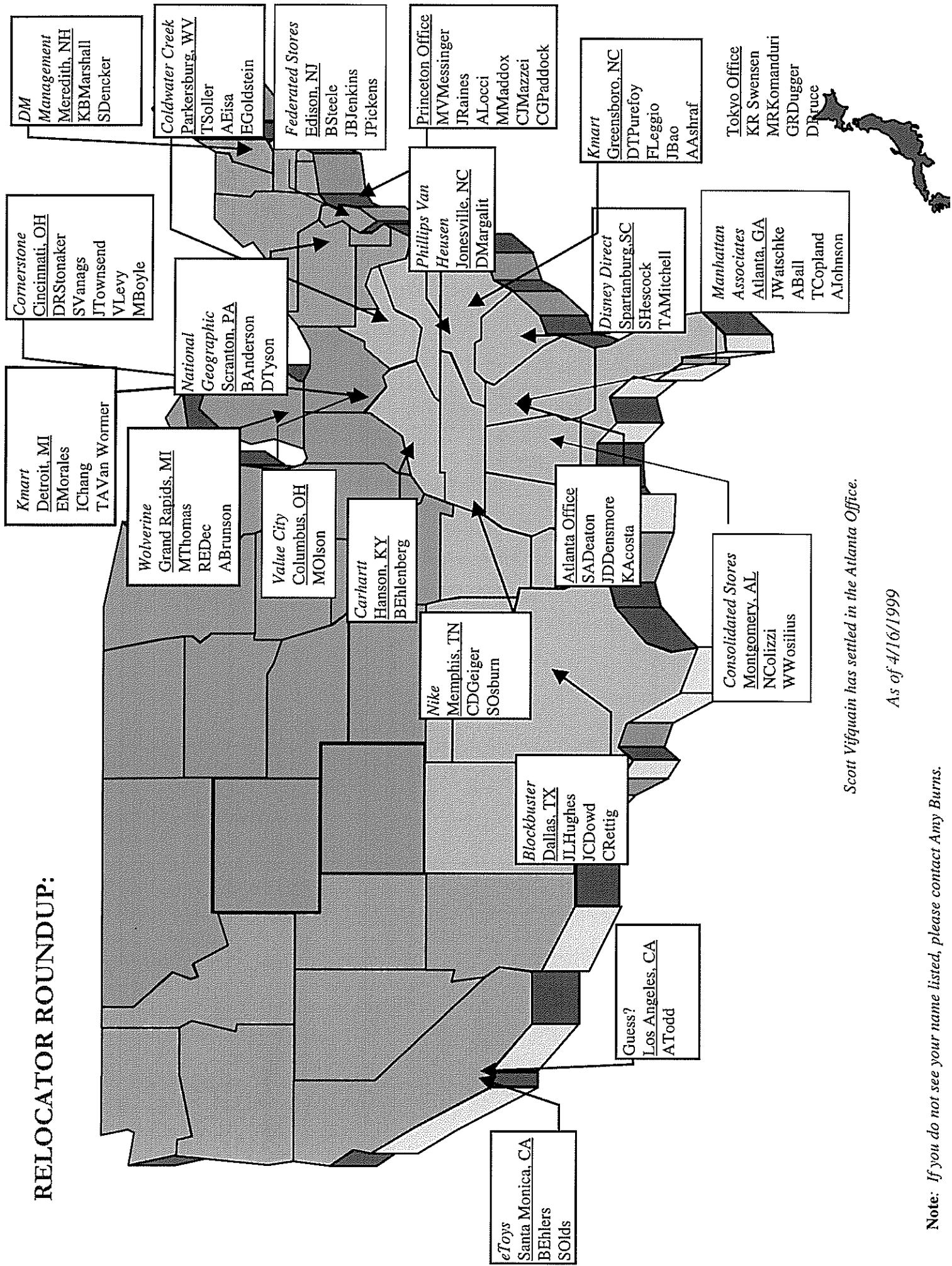
Steve Riepenhoff 4/26

Mark Thomas 4/28

It's a Girl!

Congratulations to Chris and Lena Davis on the birth of their daughter Peyton Elise, born at 5:01am on April 15th. She was 8lbs - 11oz and 22 inches long.

RELOCATOR ROUNDUP:



Scott Vifquain has settled in the Atlanta Office.

As of 4/16/1999

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

the HOT SHEET

vol. 8 no. 14

April 16, 1999

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Published by KSA Atlanta

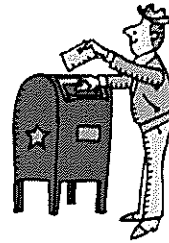
Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“IT USED TO BE THAT DEATH AND TAXES ALONE WERE INEVITABLE. NOW THERE'S SHIPPING AND HANDLING.”

- BERT MURRAY



PROJECT POSTCARDS:

TOMORROWLAND AT DISNEY DIRECT MARKETING

We've done it again! We have another KSA client promoting us to their company. Thanks to KSA's lifelong client, Gary Frederick, for singing our praises.

Check out the following April 1 edition of Disney Direct Marketing's Newsletter. It includes information about the DCMS™ work KSA is doing at DDM.

Congratulations to the entire DDM Team!

<\\ATLANTA\DOCS\GROUPS\Logistics\DDM Newsletter.doc>

(Publishers Note: If you can not access the above file, please contact Amy Burns for an electronic copy of the DDM newsletter.)

--JOHN CHAMPION

CREATIVE CONCEPTS FROM CORNERSTONE

Looking for a great idea to build client ownership? Recently, KSA facilitated a Management of Change (MOC) seminar for **Cornerstone** managers. At the conclusion of the seminar, each manager was presented with a memento from the building. Engraved placards with "CCSG Management Team Facility Startup 1999" were bonded to concrete cores drilled from the

building (re-bar included). The managers have proudly displayed their "ownership" on their desks. Many thanks to the creative minds of Val Levy and Scott Vanags for the idea and the quick implementation.

Only two weeks to GO LIVE here at Cornerstone! Then we take on the monumental task of moving four companies into the facility in less than two months.

--DAN STONAKER

INDUSTRY INSIGHTS

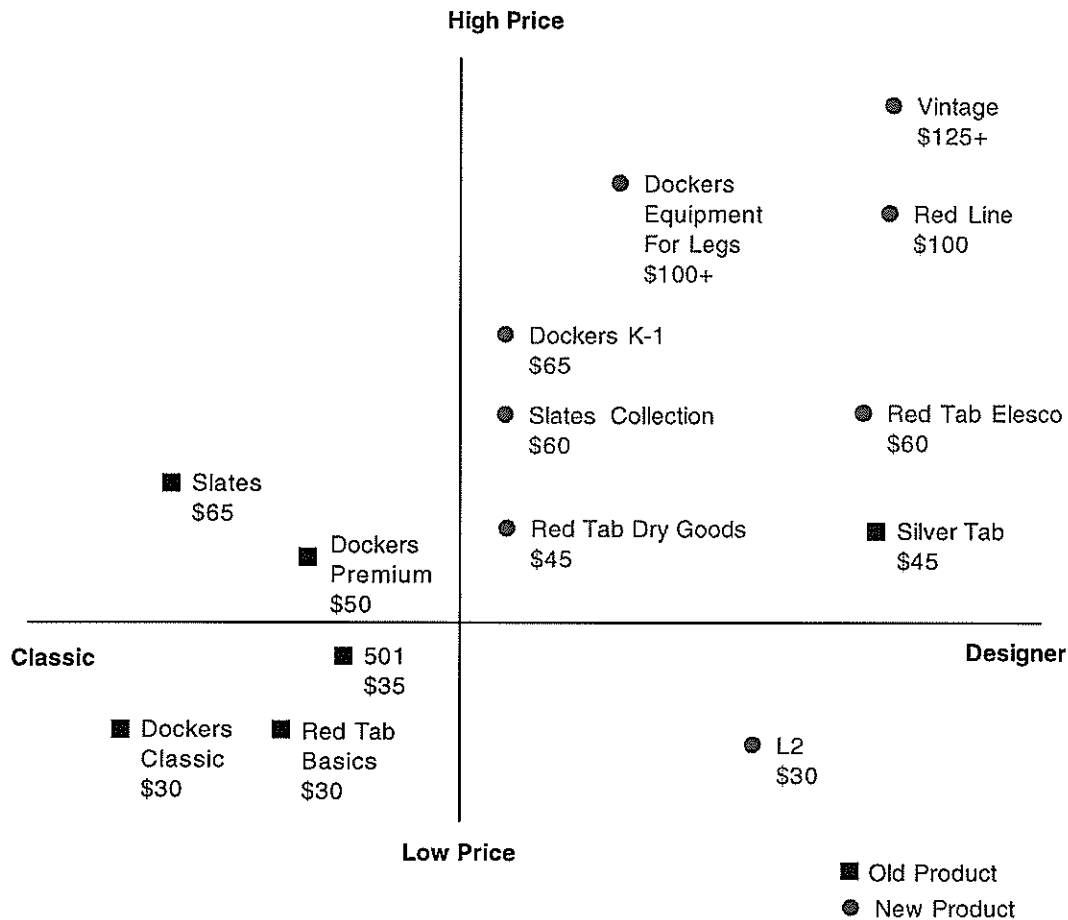
KSA CLIENT IN THE NEWS

Fortune, April 12, 1999

S ometime around 1990, a great brand name began coming apart at the seams. Levi's market share among males ages 14 to 19 has dropped in half since then, it hasn't had a successful new product in years, its advertising campaign have been failures, its in store presentations are embarrassing, and its manufacturing costs are bloated. The latest reengineering effort with an \$850 million dollar budget was a complete disaster. J.C. Penney, Levi's biggest customer, reports that last fall Levi's delivered its all-important back to school line 45 days late! Since 1997 the company has announced plans to shut 29 factories in North America and Europe and to eliminate 16,310 jobs. 1998 sales dropped 13% to just under \$6 billion and its market value has shrunk from \$14 billion to \$8 billion. By comparison, cross-town San Francisco rival Gap has grown from \$7 billion to over \$40 billion during the same time period. So is the writing on the wall?

Not yet! Levi's is still one of the world's greatest brands, better known than Marlboro, Nike, or Microsoft. Not one competitor even comes in jeans sales, and 75% of American men own a pair of Levi's Dockers khakis. Above all, Levi Strauss is a cash machine. Last year, on revenues of just under \$6 billion, it produced \$1.1 billion in cash flow. That's more than Tommy, Polo Ralph Lauren, Nautica, and Liz Claiborne – combined! More than Nike and even a pinch more than Gap. The ship does appear to be slowing, however, so the question is what now?

For one thing, Levi's has figured out that kids don't wear the same jeans that their parents do and that trendy retailers don't stock the same lines as J.C. Penney. In 1994, 21% of teenage boys considered Levi's a "cool" brand, but in 1998 that number had dropped to just 7%. To respond to this, Levi's is creating a portfolio of dozens of brands and sub-brands, from cheap basics to high-priced fashion. (See chart on the following page).



The jury is still out if this strategy will work.

--CJMAZZEI

WEB WONDERS

Do you **Yahoo!**? Like **Lycos**? Search **Snap**? Just **Go**? Or, are you still using **MSN**, because that was your front page when your computer was upgraded? Now that your on-line, how do you find what you're looking for...Fast?

Here are two of my favorite search engines, plus a few informative client websites. Does anyone else have any favorites that they would like to share?

<http://www.dogpile.com/> (Uses multiple search engines at once...great for weather and news)

<http://www.hotsheet.com/> (No relation to this publication...except both are very informative!)

<http://www.etoys.com/>
<http://www.guess.com/>
<http://www.blockbuster.com/>

--AMY BURNS

NOTES...NEWS...NONSENSE:

THE WOW PROJECT BY TOM PETERS

EXCERPTS: IN THE NEW ECONOMY, ALL WORK IS PROJECT WORK

(Fast Company, May 1999) Part One of Five

I learned about the future of work by living in the projects—the kind of projects you routinely do at a professional-services firm.

More years ago than I care to remember, I reported to the offices of McKinsey & Co. in San Francisco for my first day as a professional management consultant. At 9 a.m., I started to work. At 3 p.m. that afternoon, I was on an airplane to Clinton, Iowa to work on a project that involved an investment in a \$150 million petrochemical plant, and even if you'd spotted me four letters, I couldn't have spelled "petrochemical." But that was life—in the projects.

Fast-forward 25 years. All white-collar work is project work. The single salient fact that touches all of our lives is that work is being reinvented. The workplace revolution that transformed the lives of blue-collar workers in the 1970s and 1980s is finally reaching the offices and cubicles of the white-collar workers. For the blue-collar worker, the driving force behind change was factory automation using programmable machine tools. For the office worker, it's office automation using computer technology: enterprise-resource-planning systems, groupware, intranets, extranets, expert systems, the Web, and e-commerce.

After decades of wholesale neglect, companies are finally facing the fact of pathetic white-collar productivity and realizing that they need to organize work in a fundamentally new way. The old ways of working are too slow, too convoluted, and too hard to grab hold of—and the value is too hard to capture. At the same time, white-collar workers themselves are catching on: They need to rethink the very nature of work. If they're going to have work in the future, they must be able to demonstrate clearly, precisely, and convincingly how they can add value. The answer—the only answer—is the project. And not just any project, no matter how droning, boring, and dull, but rather what my colleagues and I have come to call "Wow Projects": projects that add value, projects that matter, projects that make a difference, projects that leave a legacy—and, yes, projects that make you a star. Distinguished project work is the future of work—for the simple reason the more than 90% of white-collar jobs are in jeopardy today. They are in the process of being transformed beyond identification—or completely eliminated.

Architects, accountants, graphic designers, lawyers, consultants, and all other workers in "official" professional services firms understand life in the projects. As a professional, age 56, I can honestly say that I live the new formula: I = My Projects. Yet this idea is fairly new for the typical white-collar "staffers" in the human-resources departments, the IT departments, the

finance departments, and all of the other departments in standard-issue manufacturing, production and operations companies of the United States. All work of economic value is project work.

And because project work is becoming that important, a few rules are needed for thinking about projects the right way:

- **Project work is the vehicle by which the powerless gain power.** Forget about “empowerment programs.” Instead, volunteer for every lousy project that comes along: Organize the office Christmas party. Turn that dreadful holiday party into an event that says, “Thanks for a terrific year!” to all the employees. Here’s a dirty little secret from my professional career: The research that became *In Search of Excellence: Lessons from America’s Best-Run Companies* was a McKinsey project that virtually no one in the firm cared two hoots about.
- **Project work is the future of the company waiting to be discovered.** Somewhere, in the belly of every company, someone is working away in obscurity on the project that 10 years from now everyone will acknowledge as the company’s proudest moment. Someone is creating Java, designing the iMac, reviving the WN Beetle, and engineering the Mach3. Why isn’t that someone you?
- **Never let a project go dreary on you.** Your goal should be to work in perpetuity with Wow people, on Wow Projects, for Wowable clients. How do you know when your project measures up? Each week, ask yourself and your teammates, “Will we be bragging about this project five years from now? If the odds of success are low, what can we do—right now! — to turn up the heat?”
- **When it comes to life in the projects, draft people as if you were a GM and invest as if you were a VC.** Work today is about two things: talent and projects. If you’re in charge of a project, you ought to think like the general manager of an NBA franchise: You’ve got to fill 12 chairs with the hottest people you can draft. And when it comes to picking your projects, you need to think like a venture capitalist: You bet on cool people who have demonstrated their capacity to deliver cool projects.

When it comes to Wow Projects, you need to remember one essential fact: Contrary to all the project-management literature and all of the project-software checklists, the point of the exercise is not to do a “good job” of managing the project opportunity that your boss dumped into your lap. It’s to use every project opportunity that you can get your hands on to create surprising new ways of looking at old problems. To do that, you need to understand the four steps that go into every Wow Project: finding and creating a great project, selling the project, executing the project, and handing off the project so that you can move on to the next one.

(Part Two Next Week.)

HAPPY BIRTHDAY

Rich Dec	4/16
Jane Griesinger	4/18
Chris Mazzei	4/19

*HAPPY
ANNIVERSARY*



Dana Yaccarino 4/20/98

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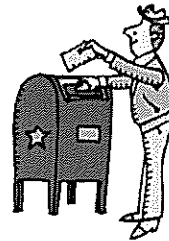
QUOTE OF THE WEEK:

"I HAVE SUCCEEDED IN GETTING MY ACTUAL WORK DOWN TO THIRTY MINUTES A DAY. THAT LEAVES ME EIGHTEEN HOURS FOR ENGINEERING."

--CHARLES STEINMETZ

*(1865-1923) GERMAN-U.S. ELECTRICAL ENGINEER.
HIS IDEAS ON ALTERNATING CURRENT SYSTEMS
HELPED INAUGURATE THE ELECTRICAL ERA IN THE
UNITED STATES.*

PROJECT POSTCARDS:



Your Project Postcard Could Be Here!

(Deadline for article submission is Wednesdays by 5pm)

INDUSTRY INSIGHTS

eTOYS TO JOIN WEB-RETAILER PARADE WITH IPO

Wall Street Journal (6 April, 1999)

eToys Inc. is betting that a lot of American parents want to buy Barbie, Arthur and other favorite playthings without visiting the mall, let alone chasing screaming children down the aisles of a toy store.

The Santa Monica, California company is the latest Internet retailer to seek a billion-dollar valuation in the stock market. Yesterday, eToys said it plans to sell 8.2 million shares, an 8% stake, at an estimated price of \$10 to \$12 apiece. If the offering were completed at the midpoint of that range, it would value eToys at more than \$1.1 billion.

Right now, almost anything with an "e" prefix or a "dot com" suffix is getting a standing ovation from investors. But in eToys' case, its basic business model is winning applause from a more finicky group, too: the industry's main manufacturers, which are more than a little frustrated with the ups and downs of demand from traditional toy stores.

Last year, Mattel Inc. and Hasbro Inc. were hit hard by inventory cutbacks at Toys "R" Us Inc. which traditionally accounts for 15% to 20% of all toy sales. As a result, toy manufacturers are eager to reduce their dependence on a handful of giant retailers. So instead of viewing Internet sales as a threat to traditional distribution methods, some leading toy makers are embracing the online market as the best thing to happen to their industry since the invention of long-lived batteries.

"We're benefiting from eToys' success and are happy to be their partner," says a Mattel spokesman. The Los Angeles toy maker has announced a goal of direct-to-consumer sales of \$1 billion a year, including catalogs and Internet sales. That would be double its current level. Some of those sales will come from Mattel's own Web site, the company says. Others will come from online retailers such as eToys.

Right now, eToys has been posting rapid growth. In its latest filing with the Securities and Exchange Commission, the company says it added more than 75,000 first-time customers in the first three months of this year, when toy demand is usually slack. That lifts its total customer base to 365,000.

Unlike some online retailers, eToys appears to have had little difficulty getting access to top-selling brands. Its Web site features such major brands as Fisher-Price and Lego, as well as specialty offerings like Brio train sets and North American Bear Co. stuffed animals, which often can't be found in mass retailers' stores. In its SEC filing, eToys says it offers 9,500 different toys, videos, games and software.

So far, eToys is a long way from being profitable. In its nine months ended Dec. 31, the company had a \$15.4 million loss. More red ink is expected, the company warns in its prospectus. Last year, eToys spent as much as 60% of its revenue on marketing. In doing so, it

has followed the classic Internet strategy of all-out growth even if it means operating at a sizable deficit.

eToys' chief executive officer, Edward Lenk, holds an 8% stake, which would be valued at about \$88 million. A former strategic-planning director at **Walt Disney Co.**, he founded eToys in early 1997. A trace of his playful side shows up in the prospectus: While eToys doesn't have a chairman, the 37-year-old Mr. Lenk holds the roughly comparable position of "uncle of the board."

In its prospectus, eToys warns that many of its traditional competitors have longer operating histories, stronger brand names and greater financial resources. Even so, some Wall Street analysts think eToys could have an interesting role to play in helping establish a sizable online-sales channel for toys.

The arrival of eToys and other online merchants "broadens distribution for manufacturers, so it's a net positive" for the toy industry, says Jill Krutick, a toy analyst with Salomon Smith Barney. "But it's logical to think there will be some erosion in traditional retail.

COLDWATER CREEK CITES ADDED COSTS FOR QUARTER, YEAR

DM News Friday, April 9, 1999

Catalog company **Coldwater Creek Inc.** said yesterday that its earnings for the fourth quarter and fiscal year, which ended Feb. 27, were hindered by increased costs from additional mailings and from investments in infrastructure to handle anticipated growth.

The company also said it expected to sell its *Milepost Four* men's catalog during the first quarter. Coldwater said its core catalog, *Northcountry*, posted a strong year, partially offset by weak sales from *Milepost* and from its *Spirit of the West* women's catalog.

The company said its newest property, *Bed & Bath*, has shown great promise. Profits for the fourth quarter were basically flat at about \$4.92 million, or 48 cents a diluted share, compared with \$4.86 million, or 45 cents a share, in the year-ago fourth quarter. Sales for the recent period rose about 9.2 percent to \$89.61 million, vs. sales of \$82.06 million in the prior-year period. For the year the company said its profits were down about 8.6 percent to \$10.69 million, or \$1.02 per share, vs. \$11.69 million, or \$1.10 a share a year ago. Sales for the year grew about 31.8 percent to \$325.23 million, vs. \$246.7 million in the prior year.

VENDOR VITTLES

CALENDAR OF EVENTS

Modern Material Handling March 1999

April 1999

- 14-15 VICS Vision Summit 1999, The Retail Supply Chain World Leadership Forum, Charles Hotel, Cambridge, MA. Call 617-527-4626.
- 18-21 The Warehouse Education and Research Council's (WERC) Annual Conference, Marriott Orlando World Center, Orlando, FL. Call 630-990-0001.
- 26-28 Supply Chain World N.A., Supply Chain Council, Hyatt Regency O'Hare Hotel, Rosemont, IL. Call 412-781-4101
- 27-29 DC Expo, Navy Pier, Chicago, IL. Call 800-338-4112.

May 1999

- 18-20 SouthPack, Reed Exhibition Co., Georgia World Congress Center, Atlanta, GA. Call 203-840-5672.

June 1999

- 7-9 The International Warehouse of the Future Show and Conference (WOF 99), Design Build Manufacturers Association, Orlando, FL. Call 717-295-0033.

NOTES...NEWS...NONSENSE:

COMPREHENDING ENGINEERS-TAKE ONE

To the optimist, the glass is half full.
To the pessimist, the glass is half-empty.
To the engineer, the glass is twice as big as it needs to be.

--CHRIS PADDOCK

LEARNING ON THE FLY

Consultants operate in a dynamic world where you walk in to new situations, have to quickly figure out what is going on, and supply needed answers. For those of you who have been exposed to the Career Architect cards (and for the rest of you), this competency is called *Learning on the Fly*. A person who is skilled at *Learning on the Fly* is open to change and analyzes both successes and failures for clues to improvement. He or she experiments and will try anything to find solutions. Someone unskilled at this competency is uncomfortable with ambiguity and may settle for superficial solutions. Someone who overuses this competency may frustrate others by seeking change too aggressively. *Learning on the Fly* involves taking new risks, being less than perfect, going against the grain, and cutting new paths.

How do you enhance your ability to *Learn on the Fly*?

When faced with a new issue or challenge, figure out what causes it. Avoid rushing for solutions. Keep asking why. Look for patterns and unexpected relationships. Look for analogies in nature. Search the past for parallels.

Look for resources. Use the people around you. Get diverse perspectives. Consult studies, the Web, and experts, especially the unexpected ones. When Motorola wanted to improve its order processing, it looked to Domino's Pizza and Federal Express rather than other electronics firms.

Get opposing viewpoints. Turn the problem upside down. Ask what is not going on. Pick out anomalies. Use oddball tactics.

Don't expect to get it right the first time. Studies show our second and third tries reveal the underlying dynamics of problems. Shorten your cycles and feedback loops to increase your learning opportunities. Be willing to experiment. Compare your successes and failures.

Read *The Future of Leadership* by White, Hodgson, and Crainer.

--PAM BECKERMAN

HAPPY
ANNIVERSARY



Greg Dugger

4/14/97

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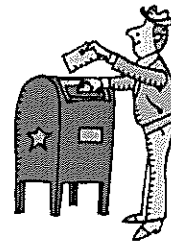
Logistics Services Group

QUOTE OF THE WEEK:

“THE BEST PORTION OF A GOOD MAN'S LIFE IS HIS LITTLE, NAMELESS, UNREMEMBERED ACTS OF KINDNESS AND OF LOVE.”

--WILLIAM WADSWORTH, ENGLISH POET

PROJECT POSTCARDS:



NEWS FROM COLDWATER CREEK

Greetings from Parkersburg, West Virginia and the Coldwater Creek project team! After being on-site for eleven months by myself, it's great to welcome Ashraf Eisa and Elisabeth Goldstein to the project. Both Ash and Liz will be key members of the implementation project currently underway. Ash will be concentrating on the coordination of the systems and integration testing processes as well as procedure development. In addition to assisting with the implementation and startup process, Liz will focus on the initial phases of a Base Plus ® project, generating associate participation in developing improved processes and procedures. Todd Soller will continue to monitor building construction and material handling equipment installation, as well as assisting with the integration testing process and procedure development. Randy Unger continues to manage the project, with Bob Roge joining in to help with the management of overall integration testing. Tony DeMaria and Brad Humphries also continue to lend their expertise and guidance to the project. Live inbound begins in early June and live outbound begins in the middle of July.

The last two weeks have shown me once again the tremendous synergy possible when more than one KSA consultant is on a project site. With the building excitement (and workload) of the imminent startup, the presence of the new team members makes this project a great one on which to work. (Before anyone accuses me of being sentimental and overly emotional, just let me say

that, according to the communications style survey, I am the anti-Feeler, with a score of only 11 in that style)!

Anyway, things are rolling along in Parkersburg. Look for more updates in the near future.

--*TODD SOLLER*

INDUSTRY INSIGHTS

J. CREW TO PHASE OUT CLIFFORD & WILLS

Catalog Age (April 1999)

Having failed to find a buyer for its \$74 million Clifford & Wills women's apparel catalog, cataloger/retailer J. Crew announced on March 3 that it will phase out the title over the next two years. In a statement, J. Crew chairman Emily Woods said that the decision "is consistent with our efforts to continue to focus the company's management and financial resources on growing the J. Crew brand."

DM MANAGEMENT TO CHANGE NAME TO J. JILL GROUP

Dow Jones Newswires

NEW YORK (Dow Jones)--In a strategy to build on its J. Jill brand, direct marketer **DM Management Co.** (DMMC) will open full-price retail stores, change its name to J. Jill Group Inc. and start a J. Jill Internet site, Chief Executive Gordon Cooke told Dow Jones.

The Hingham, Mass., company plans to open five to 10 J. Jill stores in 2000 and bring the total number up to 50 in 2001, Cooke said. It hopes to have the first store open next March.

Shareholders will vote on the name change, which the board has already approved, at the company's annual meeting on May 25.

DM Management will officially announce its plans Friday, April 2.

Opening stores will allow the company to extend its reach. The J. Jill catalog alone could probably reach \$300 million to \$500 million in annual sales, Cooke said, but retail stores could probably drive total revenue to \$1 billion.

"We know we have a very hot product," he said, "but there is a limit to what we can do in the catalog as it exists now."

While many other consumer catalog companies, including Lands' End Inc. (LE) and Brylane Inc. (BYL), stumbled last year, sales from DM Management's J. Jill catalog rose 124% in 1998. The catalog accounts for about 83% of DM Management's total revenue, which in 1998 rose to \$218.7 million from \$135.5 million in the previous year.

J. Jill targets active, affluent women from 35 to 55 with casual weekend wear and relaxed career attire. Other than jewelry, shoes and swimwear, its offerings are exclusive to the company. Cooke said the catalog can easily be converted to a retail concept because shoppers have responded well to its unique product selection, Cooke said.

"Whether it's catalogs or stores," he said, "when it comes down to it, being successful means having unique merchandising and the effective communication of that merchandising."

J. Jill To Seek Sites Near Popular Retailers

Cooke said the company will retain its seven outlet stores and continue to use them to liquidate overstock.

DM Management hopes to put its full-price stores in malls, or open freestanding units, near retailers such as Restoration Hardware Inc. (RSTO), American Eagle Outfitters Inc. (AEOS) and Gap Inc.'s (GPS) Banana Republic stores. Although the J. Jill catalog offers petite, misses, large women's and tall sizes, the stores will probably start with just petite and misses sizes, Cooke said.

DM Management's new distribution center in Tilton, NH can handle the additional business, Cooke said. The company has added to its management to handle the extra load and named Patty Lee, who's credited with much of J. Jill's success, to president, J. Jill Merchandising. She was formerly executive vice president, J. Jill.

To ease the transition into retailing, DM Management has hired Dennis Adomaitis, who helped start Time Warner Inc.'s (TWX) Warner Bros. Studio Stores, as president of the retail division. Adomaitis has held other positions in the retail and apparel industry at companies such as Saturday's World/Belltowne Productions, Limited Inc. (LTD) and Guess! Inc. (GES). The company has also retained retail consultancy Management Horizons to help with the stores' rollout.

Currently DM Management's Internet strategy is limited. The company's corporate Web site, dmmanagement.com, has a link to catalogcity.com, which sells a few items from J. Jill.

A J. Jill Web site that takes transactions would allow the company to sell more items on the Internet. It could also let customers know the status of their orders, a service traditionally available only by calling a toll-free number. If an item is on back order, DM hopes to notify some customers electronically, rather than informing them by mail, which can be costly.

The Web site gives existing customers another way to order if phone lines are busy or if they just prefer shopping electronically, Cooke said. Although the company displays a limited number of items on catalogcity.com, some customers already use the Web site to order other products they've seen in the actual catalog.

DM Management will begin testing j.jill.com this summer and plans to have it ready by October or November - in time for the 1999 holiday shopping season.

So What Does Your Company Do?

Changing the company's name to J. Jill may not make a difference to customers, but it should stop the question: So what does your company do?

That's a common query for DM Management. The DM probably means Direct Marketing, but even Cooke's not completely sure.

"That was way before my time," he said. "We've been accused of being a restaurant chain, or a consulting company."

Once people hear the name J. Jill, however, they know what he's talking about, Cooke said. If shareholders approve the name change, the company's stock symbol will change to JILL.

Just because DM Management is changing its name doesn't mean it's abandoning its other concepts.

The company also operates a catalog called Nicole Summers targeted to women 45 and older and recently launched a home furnishings and accessories catalog called peopleplacethings. Cooke said DM Management is adjusting the Nicole Summers product mix to include less tailored clothes and hopefully increase sales in that business, Cooke said. The home catalog is only about two weeks old, he said, but it is already exceeding expectations and could eventually become a \$30 million to \$50 million business.

The company is "very comfortable" with First Call Corp.'s first-quarter consensus earnings estimate of 11 cents a share, Cooke said. That would be flat with a year earlier, after adjusting for a 3-for-2 stock split, due to expenses from opening the new distribution center.

--LEANNE SMULLEN

WHAT EVERY CEO NEEDS TO KNOW ABOUT ELECTRONIC BUSINESS

There is a great article in the March 22 edition of *Business Week* on E-Commerce titled "What Every CEO Needs to Know About Electronic Business". I just wanted to give everyone a quick summary of the ten main points made in the article:

1. *Reengineering Your Company is Eminent*

Get ready for another round of reengineering and that supply chain that we have built up so carefully may soon be gone. Call it E-engineering. The Internet lets all suppliers and customers communicate in real time and is already tearing down paradigms in dozens of business sectors. Technology companies like Intel, Dell, and Cisco were among the first to seize on the net to overhaul their operations. At Intel, web based automation has liberated 200 salesclerks from entering orders and instead allows them to analyze sales trends and pamper customers. Cisco Systems Inc. handles 75% of its sales online and that number is increasing every year. Dell allows customers to not only purchase their PCs over the web but to custom design them as well.

2. *Throw Out the Old Business Model*

In this new world of E-commerce, no business model is too strange to consider. The online superstore Buy.com, for instance, undersells rivals, sometimes at or below cost, hoping to make profits off advertising. It hit \$125 million in sales its first full year of operation - more than any other company in history! Today there are a bewildering number of signposts, each pointing to a different business model: ads, subscriptions, transactions, direct sales,

commissions, etc. The bottom line is to make the most of any of these; you must pinpoint your core strength and then turn on the creative juices to come up with revenue streams. A lot of the new ideas out there will be duds, but amid the dozens of wacky proposals there will be the select few that will define commerce for decades to come.

3. *The Buyer Always Wins*

To a greater extent than ever before, the customer is king. In the physical world, buyers face all kinds of obstacles to getting the best deal but on the web, the boundaries of information asymmetry and distance vanish. Buyers can quickly compare information about products and vendors almost anywhere. Dell has become the master of this with their direct sales model and is now growing twice as fast as any other PC maker thanks to \$14 million per day in Web sales. Any company whose main edge was privileged pricing, product, and other information - travel agents, car dealers, stockbrokers, industrial-parts distributors - risks being cut out of transactions.

4. *Hold Your Customer's Hand*

Customer service is being reinvented on the web. With customers no longer being captive buyers, companies better serve them well or they will lose in a hurry. Amazon.com CEO Jeff Bezos says, "Over the Internet, word of mouth has a far wider reach. In the offline world, 30% of a company's resources are spent providing a good customer experience and 70% goes to marketing. In the online world, 70% should be devoted to creating a great customer experience and 30% should be spent shouting about it." Hewlett Packard, for example, is using home grown tracking software to create a database of corporate customers who call or E-mail for service. That way, HP can chart their concerns and, when they E-mail or call again, identify them by specialty before automatically routing them to agents with the proper expertise.

5. *Go Ahead, Farm Out Those Jobs*

The message is becoming loud and clear - speed kills if you don't have it! In the E-commerce world, companies should not try to do everything in house, but rather identify your competitive advantage and focus on that. There are dozens of companies who can handle various business functions. The key of course is to choose your partners wisely and outsource services cost effectively. One example of this is companies ditching company-owned trucks and outsourcing to UPS and FedEx. As orders get smaller and direct sales increase, speed and reliability of delivery will be critical. The day before Christmas, 1 million people checked on their UPS packages over the Net. Imagine what that number will be in 5 years.

6. *No Web Site is An Island*

Despite what many "experts" have said, cyberspace is not a separate universe. Just look at Charles Schwab. By leveraging its brand name online and using offices as a place to introduce clients to Web access, it has managed to stay far ahead of upstarts like E*Trade. As companies go online, brand name and purchasing power can work to their advantage. The key is that companies need to figure out how to leverage both virtual and real-world businesses off one another to get the full wallop of the Web.

7. *Create An Online Sense of Community*

Think global. People all over the world are congregating into virtual communities on the Web. People have started chatting online from topics ranging from stock tips to teething problems. Combined U.S. membership in these communities is currently at about 25 million and this number is rapidly increasing every year. There is a huge opportunity for companies to become part of these communities and generate loyal customers. Companies like Warner Brothers and Disney have started running their own communities and are finding that the best thing they are gaining is knowledge about their customers. In return for low-cost giveaways, perks, and free company previews, Disney and Warner get personal info galore from the registration forms.

8. *Follow the Money*

Since 1995, venture capitalists have poured nearly \$3.8 billion into some 530 electronic commerce companies and this money is flowing into a lot more than just technology companies. Industries such as Finance, Advertising, Health Care, Food, News, Travel, and Education are just some of the avenues of this capital. Most importantly, the sales are coming! Already, a quarter of new-car buyers consult the web before making their purchases, and nearly 4% of all airline tickets are bought over the Web. Internet advertising and marketing attracted \$245 million in 1998 as 34 upstarts were launched. What makes these businesses so enticing is that they promise to eliminate inefficiencies in their markets. Better keep an eye on these upstarts because they are changing the landscape of industry.

9. *A Web of Nerds? Don't Believe It*

The Web is just a place for nerds and technology savvy people, right? Wrong! Last year, 159 million people were online worldwide and by 2003, International Data estimates that this number will reach 510 million. The demographics are changing as well. Last year, 46% of those who used the Internet were women, compared with 37% three years ago. The number of Internet users over 50 has doubled over the past three years and now makes up 20% of the Internet population. By yearend, Forrester Research, Inc. predicts that in the U.S. 32% of black households, 43% of Hispanic, and 67% of Asian-American households will be online compared to 39% for white households. The message to companies is simple: You better be ready to adapt your content to the culturally diverse web population.

10. *Log On, Boss*

Senior management has got to get wired or their companies are in trouble. The only way to truly understand the dynamics and magnitude of the change is to feel it for yourself. Even as electronic commerce is poised to bring sweeping changes to virtually every industry, less than one third of all CEO's in the U.S. consider themselves Web-literate. The problem is that E-commerce will be critical to their company's future. Scary thought!

I realize this article is long but I don't think that we can understate the importance of understanding the dynamics of E-commerce and how it is changing the industries we are in and the clients we serve. Be assured, if we don't, someone else will. Please let me know if you would like a complete copy of the article and where I can send it to you.

--CHRISTOPHER MAZZEI

NOTES...NEWS...NONSENSE:

THE BOAT RACE

The Americans and the Japanese decided to engage in a competitive boat race. Both teams practiced hard and long to reach their peak performance.

On the big day they felt ready. The Japanese won by a mile.

Afterward, the American team was discouraged by the loss. Morale sagged. Corporate management decided that the reason for the crushing defeat had to be found, so a consulting firm was hired to investigate the problem and recommended corrective action.

The consultant's finding: The Japanese team had eight people rowing and one person steering; the American team had one person rowing and eight people steering.

After a year of study and millions spent analyzing the problem, the consultant firm concluded that too many people were steering and not enough were rowing on the American team.

So as race day neared again the following year, the American team's management structure was completely reorganized. The new structure: four steering managers, three area steering managers and a new performance review system for the person rowing the boat to provide work incentive.

The next year, the Japanese won by two miles. Humiliated, the American corporation laid off the rower for poor performance and gave the managers a bonus for discovering the problem....

--DANA YACCARINO

MOTIVATING TEAMS

Leading a team of client staff? Noticing them losing some steam? Here are some suggestions for keeping their motivation high:

- Refocus people on their mission and values. Show them how they are truly making a difference
- Involve people in decisions which affect them
- Tell people you appreciate their efforts. Be specific about what they have done well
- Publicly acknowledge good team performance in meetings and newsletters
- Organize get-togethers such as pizza lunches, barbecues, happy hours
- Use incentive systems that people can get excited about
- Listen to people and implement their ideas and respond to their concerns, whenever possible
- Incorporate team objectives into performance evaluation systems
- Keep team meetings brief, up beat, on track, and participative

--PAM BECKERMAN

*HAPPY
ANNIVERSARY*



Rick Wolfe	4/6/81
Barbara Byrnes	4/8/85
Sharon Gavron	4/5/93
Michael Barnes	4/3/95
Charles Adadevoh	4/6/98



the HOT SHEET

vol. 8 no.11

March 26, 1999

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Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“ IF YOU ALWAYS GIVE, YOU WILL ALWAYS HAVE.”

--CHINESE PROVERB

VENDOR VITTLES

VENDOR INFORMATION SESSION (NUTMEG CONTAINER)

Who: Nutmeg Container
What: VIS with lunch provided (45 minute presentation during lunch)
When: Monday, March 29, 1999 (Noon to 1 p.m.)
Where: Atlanta Office - Ansley Room (9th Floor)
Rep: Richard Klepper - Nutmeg Container
Charles Pious - Connecticut Container Corporation

Topics to be covered:

- Plastic tote technology: traditional vs. knock down glued totes
- Pros and cons of both types of totes
- Tote styles
- Quick and easy methods to get samples and costs in the field

Nutmeg Container, a division of Connecticut Container Corporation, is the tote producer DM Management chose to use. Nutmeg designs and customizes any size tote for your specific application.

Please RSVP to Leanne Smullen (x 7241) no later than Friday evening (3/26), so we can have a headcount for lunch.

NEW BOK TOOL AVAILABLE

Ever find yourself in need of information about a WMS vendor? Interested in knowing the latest and greatest news about the logistics systems industry? Wondering how the Oscar Academy could snub 'Saving Private Ryan' as Best Film?

The answers to such questions can be found in the new Logistics Systems Resource database. During the past year, the Logistics Systems group developed this tool in an effort to organize and develop KSA's 'tribal knowledge' of the logistics systems industry. The tool is designed to provide easy access to information about vendors, products, installations, news, events, and more. Presently, much of the information in the database is a bit 'hollow', and doesn't capture the true depth of KSA's industry knowledge. To round out the information, members of the Logistics Systems group will be contacting those of you who have had some experience with a vendor or product. In the meantime, feel free to make your own contributions! Everyone in KSA is encouraged to enter their comments and attach relevant news stories.

The database itself can be found in the H:/Groups/Logistics Systems/BOK folder. To setup quick access from an office, just drag the shortcut in the BOK folder to your desktop. If you are working remotely, it's best to create a copy of the database on your laptop (see below for instructions)

If you've ever worked remotely on an Access database, you know how painfully slow it can be. The following instructions will create a much faster local copy of the database on your laptop. Keep in mind that you will need to periodically synchronize with the master database on the network.

Remote Setup Instructions

- Connect to the network
- Navigate to the BOK folder (H:\GROUPS\Logistics Systems\BOK)
- Drag the zipped version of the database to your Desktop - this will take about 15 minutes
- Unzip the database

You have now created an independent copy of the database called a replica. To keep it updated, see the next set of instructions.

Updating Your Remote Database

- Connect to the network
- Open the database residing on your desktop
- Select the 'Synchronize Now' menu option from the 'Replication' menu item
- Allow Access to close all objects (respond 'Yes' to the prompt)
- Synchronize with the database on the network (H:\GROUPS\Logistics Systems\BOK\Logsys.mdb) - this will take about 10 minutes

--SCOTT VIFQUAIN

INDUSTRY INSIGHTS

CONSORTIUM TO DEVELOP SECURITY TAGS FOR GROCERY AND DRUG-STORE ITEMS

By TARA PARKER-POPE, Staff Reporter of THE WALL STREET JOURNAL

Seeking to curtail an estimated \$16 billion in annual shoplifting losses, Johnson & Johnson, Eastman Kodak and Proctor & Gamble are developing new security-alarm tags for products such as Pampers, Tylenol and Preparation H. The trio has formed the Consumer Products Manufacturers' Consortium to develop a standardized shoplifting-alarm system for products sold in grocery and drug stores.

The system, which would be put in or on the packaging during the production process, would resemble the security tags used in specialty and department stores for clothing, electronics and compact disks. One likely scenario might be a low-cost tag that could be imbedded in the packaging. The new security tag would be deactivated when a shopper checks out, but would sound an alarm if the shopper tries to leave a store without paying for an item. Currently, only about 30% of products sold in grocery and drug stores carry security tags. In most cases, the retailer applies the tags. And the problem, manufacturers say, is that they are often pasted onto packages, obstructing the brand name, product ingredients, and even dosage instructions on medicines.

Complicating matters, different retailers use different systems.

Global Standard Planned

The consortium is planning to develop a global standard for the security tags that can be used by all retailers and manufacturers. "Retail shoplifting is a huge issue," says Victor Wasilov, director of marketing research and analysis for Kodak's consumer-imaging unit. "But due to a lack of standardization, you don't have adequate use of security systems at retail for packaged goods." The problem is particularly tricky for makers of higher-priced but small items like film, razor blades, cosmetics and over-the-counter drugs. But manufacturers say professional theft rings, which resell grocery-and-drug-store products to smaller shops and flea markets, also manage to pilfer bulky items, such as disposable diapers. The idea to form a consortium began with Eastman Kodak, which contacted P&G and Johnson & Johnson, which also were studying the theft problem. The group hopes to begin a limited test of the security tags sometime next year.

Plans call for expanding a standard security system into most grocery and drug retailers within two to three years.

Significant Investments

The group didn't provide an estimate of the cost of the new security system, which probably would require a significant investment by both retailers and manufacturers. But the consortium says the cost will be relatively low compared with the billions of dollars lost annually to shoplifting, a burden shouldered mainly by the retailers. "What we really want to do is stop the bad guy, but this is about creating a global standard that can dramatically change the value equation globally," says Steve David, global customer business development officer for P&G and the company's highest-ranking sales executive. Organizers say the development of a security-tag standard resembles a 1970s effort to develop a uniform product code, the now ubiquitous black-and-white bar codes on products. "I've been in this business long enough to remember when there was no UPC standard ... and inventories were a mess," says Pat Rizzotto, vice president of business development for Johnson & Johnson. "Once a standard is developed, it makes life a lot easier for everybody."

After the antitheft technology is developed, the consortium hopes the system can be used to solve a variety of problems, such as counterfeit products. For instance, a security tag or sensor device could be regularly reprogrammed to distinguish legitimate goods from illegal copies. Tags also ultimately could be used to manage store inventories and allow customers to check out their own groceries.

--*LEANNE SMULLEN*

RECENT REQUESTS

PROREP FOR PETCO

Hey everyone! I was hoping to once again tap into the BOK of KSA. I recently worked on a Base Plus proposal for PETCO and if the project sells, there is a good chance that they are going to want to use ProRep instead of Control Plus. I am therefore wondering if anyone has worked with ProRep or has been involved with comparing Control Plus to other packages. What I am looking for is the following:

- Information on ProRep functionality.
- Information on using ProRep on a Base Plus project specifically if there is functionality that is needed for a Base Plus project that ProRep does not have.
- Methodologies that we have used to evaluate other packages.
- Anything else that you think is relevant.

Thanks! I appreciate the help.

--*CHRISTOPHER MAZZEI*

NOTES...NEWS...NONSENSE:

KSAERS IN THE SPOTLIGHT

Congratulations to Scott Vifquain and Todd Mitchell who recently starred in the latest version of the *University of Illinois General Engineering Alumni Newsletter*. Scott and Todd were pictured in the newsletter along with a write-up about KSA teaching classes on campus. Great job, guys!

--*MELISA OLSON*

VACATION PAY Y2K

January 1, 2000

Dear Valued Employee:

Re: Vacation Pay

Our records indicate that you have not used any vacation time over the past 100 year(s). As I'm sure you are aware, employees are granted 3 weeks of paid leave per year or pay in lieu of time off. One additional week is granted for every 5 years of service.

Please either take 9,400 days off work or notify our office and your next pay check will reflect payment of \$8,277,432.22 which will include all pay and interest for the past 1,200 months.

Sincerely,

~~AUTOMATED PAYROLL PROCESSING~~

--*LAURIE DANIELE*

FLYING SARDINES UNITE! DEMAND PLANES WITH TWO WINGS!

By DAVE BARRY

Lately there's been a lot of talk about an Air Traveler's Bill of Rights. This idea got a big push in January, when a snowstorm forced some loaded planes to sit out on the Detroit airport runway for as long as eight hours, during which several passengers were eaten by

wolves. This incident provoked national criticism of the airline involved, which I will not identify here other than to call it The Diametrically Opposite of Southeast Airlines. In its defense, the airline issued the following statement:

``We are experiencing mechanical difficulties with our statement."`

I personally have had good luck with Diametrically Opposite Airlines, which -- this is true -- recently flew me from Miami to Traverse City, Mich., via Detroit, for free. I fully intended to pay for the trip: I purchased what I thought was a ticket, and I used it to board the Miami-Detroit flight. But when I got to Detroit and tried to board the Traverse City flight, the gate agent told me my ``ticket" was not a ticket. She then looked in her computer and told me, quote, ``You're not in the system."

``But I'm here," I pointed out. It was true. I was there.

``Well, there's no record that you're here," the agent said. She called a supervisor, who checked the computer and also concluded that I was not there. I continued to argue that I WAS there, but I could tell they both believed the computer. Finally, just to get rid of me, they put me, with no ticket, on the flight to Traverse City, where there was also no record of my existence. I'm wondering if this is what happened to Amelia Earhart. All I know is, I was never charged for either leg of my trip to Traverse City, which for the record is a very nice tourist destination, featuring an annual ice-fishing festival, where this year the most popular attraction by far was -- I swear I am not making this up -- a giant toilet carved from ice.

But my basic point is that air travel has become less and less pleasant, as more and more passengers are being crammed into planes that appear to have been configured to transport bait. This is why there is talk of an Air Traveler's Bill of Rights, which would require airlines to determine their fares on some basis other than lotto drawings, and serve food that is not made from the same material as flotation devices, and provide seats that allow for the possibility -- however remote -- that some passengers might have both arms AND legs.

As a frequent flyer, I am for these basic rights, and would like to see them expanded to include the following:

1. A passenger has the right to know that the pilot is alert and in good physical condition. When boarding the plane, the passenger may check the pilot's reflexes by challenging him or her to a game of "slaps."
2. If the in-flight movie is *The Waterboy*, and this has also been the movie on the past four consecutive flights that a passenger has been on, the passenger has the right to demand that the pilot fly the plane into a mountain.
3. If a passenger is standing at the ticket counter with some hideously complex airline problem that has caused the other airline counter personnel to be sucked over, one by one, until they are all gathered in front of the problem passenger, staring in bafflement at the computer terminal, and this has been going on for 25 minutes, then the passengers waiting in line behind the problem passenger have the right to emit a hoarse cry of rage, rush forward in a

mob and stuff the problem passenger into the little box that indicates the maximum size of carry-on baggage.

4. If, during the flight, a passenger hears a funny noise and asks the flight attendant what it is, the passenger has the right to not be brushed off with some condescending statement such as "that's a hydraulic compressor; it's perfectly normal." The flight attendant should just admit that the plane is going to crash and everybody is going to die. Likewise, during the preflight safety lecture, the passenger has the right not have the situation sugar-coated. "In the event of a water landing," the flight attendant should say, "you are Purina Crab Chow."
5. Passengers changing planes in the Dallas-Ft. Worth airport have the right to be provided with some way to travel the average 17 miles to their connecting gates other than walking or taking a "tram" that travels at the speed of fingernail growth and at one point passes through Mexico. Also, the Miami, Atlanta and Detroit airports should be renovated with nuclear weapons. The Denver airport is nice but should be moved to the same state as Denver. The Boston airport should also be moved to the same state as Denver; that way it would be easier to get to it from downtown Boston than it is now.

So those are my views on Air Traveler's Rights. If you're a frequent flyer, and you want to share your thoughts on this topic, I'd love for you to get in touch with me. Unfortunately, there is no record of my existence.

--STEPHANIE SAUER

LIFE BALANCE 1-888-300-0431

Employees are starting to use LifeBalance, our new Employee Assistance Program, and are responding favorably. People have used the toll free number to help resolve family, legal, and work related issues. Others are using program resources to research major purchases and educational options. If you need assistance with psychological, financial, legal or other matters, please call Life Balance at 1-888-300-0431. Support is available 24 hours a day, seven days a week.

--PAM BECKERMAN

HAPPY BIRTHDAY

Rick Wolfe 3/27

HAPPY
ANNIVERSARY



Brad Humphries

4/1/94

the HOT SHEET

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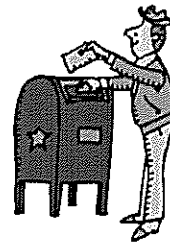
Logistics Services Group

QUOTE OF THE WEEK:

“TO CULTIVATE KINDNESS IS A VALUABLE PART OF THE BUSINESS OF LIFE.”

-SAMUEL JOHNSON (1709-1784)

PROJECT POSTCARDS:



GUESS WHO?

- Half billion dollars in annual sales
- Operates their distribution function out of six buildings in Los Angeles, California
- Run by three brothers of French Moroccan origin
- Employs Ex-KSAer Brian Timm
- Just signed a \$1.9M WMS & facility design and implementation with KSA

The Answer: Guess? Inc.

Eight weeks of strategy work culminated into a meeting with the energetic, straight talking “Brothers” (Paul, Maurice, and Armand) and the Guess? project team. KSA was well represented, with team members from four offices Mohsen Moazami (LA), Bob Smith (Atlanta), Jeff DeRuiter (San Francisco) and myself (Princeton). Minutes later we got the tentative go ahead and the project was signed the following day. Where will the new DC be? Louisville, KY is the front runner; however, at one brothers request we are considering Hawaii... after all it is closer to many of their sources.

With the project on the fast track, David Edwards and a yet-to-be-named staff consultant will join the Guess? team. KSA has been challenged to design a versatile 500,000 sq. foot facility that will distribute to retail and wholesale stores as well as handle Guess?’s soon to be established E-commerce business. If you are not on the project, you can add the Guess? feel to your office with a poster from www.Guess.com.

--AARON TODD

FUN IN THE SUN

Give me a little 'e'
Give me a Big 'T'
Give me a little 'o'
Give me a little 'y'
Give me a little 's'

What's it spell? eToys! What's it spell? eToys! What's it spell? eToys!

Beanie Babies, Fire Engines, bats, dartboards, Barbie's, Star Wars action figures, Lego's, Blue's Clues, video games, music, just about any fun thing that can be named is in sight, and this is just the corporate office.

Imagine what is sitting on the DC shelves. It's a virtual toy junkie's dream. Maybe that's why eToys is wary of giving Tony DeMaria unaccompanied access. They must have overheard his conversation about sneaking the Four Foot stuffed Barney out and taking him to lunch. But its not just Tony. Barney is equally popular with other members of the eToys team, take Priscilla J. for example. Supposedly, the 50-pound purple dinosaur was going to make a great gift for her tiny little niece's birthday. Of course since her niece is still a baby, weighing in at only 20 pounds, Priscilla generously decided to let the giant dinosaur stay at *her* apartment for the time being. Very selfless, Priscilla.

eToys definitely brings out the kid in us all. The workspace is designed to inspire creativity and harmony. Toby, the CEO, who can be easily spotted as the one sitting barefoot and Indian style in the meeting room wearing a baseball cap, tends to encourage spontaneity in his co-workers. This freethinking environment allows for an unencumbered flow of ideas and helps make eToys a special and exciting place to work.

Behind this fun environment, is a competent workforce who shares a passion for making the company as successful as possible. This workforce, made up of people who would most likely still be carded at a rated R movie, is bright, enthusiastic and above all loyal. The youthfulness of the staff provides a unique openness to new ideas and growth. Without doubt, the company has a tremendous amount of forward momentum.

Their growth potential is so great however, that they need help channeling all of this enthusiasm into a viable business plan.

Enter: KSA

The Players:

Big Wigs: Tony DeMaria, Bill Cobb
Wigs: Priscilla Jorgensen, Brad Humphries, David Edwards
Hair follicles: Shawn Olds, Me
Toupees (Temporary but Vital Assistance): Ashley Deaton, Eddie Perez, Sean Payne, Lynn Senior, and Bunny Whitehead

Scene I:

Strategy: Deciding what is required. When and where do we build a new distribution center? Or, do we use a third party to help support eToys during its rapidly approaching December peak. What software support does eToys need? What is the plan for implementing these ideas?

Scene II:

The players are actively evaluating whether a third party can provide the level of service demanded by eToys while also designing a facility to support eToys' phenomenal growth.

Scene III:

Expect an expanded version of scene II and III in following Hotsheets

Conclusion: The ever-growing KSA team sweeps the Oscars

--*BARRY EHLERS*

NOTES...NEWS...NONSENSE:

AIR TEMPERATURES (FAHRENHEIT)

60 DEGREES: Californians put their sweaters on.

50 DEGREES: Miami residents turn on the heat. Hawaiians put on parkas.

45 DEGREES: Vermont residents go to outdoor concerts.

40 DEGREES: You can see your breath. Californians shiver uncontrollably. Minnesotans go swimming.

35 DEGREES: Italian cars don't start.

32 DEGREES: Water freezes.

30 DEGREES: You plan your vacation in Australia.

25 DEGREES: Ohio water freezes. Californians weep pitifully. Minnesotans eat ice cream. Canadians go swimming.

20 DEGREES: Politicians begin to talk about the homeless. New York City water freezes. Miami residents plan vacation farther south.

15 DEGREES: French cars don't start. Cat insists on sleeping in your bed with you.

10 DEGREES: You need jumper cables to get the car going.

5 DEGREES: American cars don't start.

0 DEGREES: Alaskans put on T-shirts.

Minus 10 DEGREES: German cars don't start. Eyes freeze shut when you step outside.

Minus 15 DEGREES: You can cut your breath and use it to build an igloo. Miami residents cease to exist.

Minus 20 DEGREES: Cat insists on sleeping in pajamas with you. Politicians actually do something about the homeless. Minnesotans shovel snow off roof.

Japanese cars don't start.

Minus 25 DEGREES: Too cold to think; you need jumper cables to get the driver going.

Minus 30 DEGREES: You plan a two-week hot bath. Swedish cars don't start.

Minus 40 DEGREES: Californians disappear. Minnesotans button top button. Canadians put on sweater. Your car helps you plan your trip south.

Minus 50 DEGREES: Congressional hot air freezes. Alaskans close the bathroom window.

Minus 80 DEGREES: Polar bears move south. Green Bay Packer (and Buffalo Bill) fans order hot cocoa at the game.

Minus 90 DEGREES: Lawyers put their hands in their own pockets.

Minus 100 DEGREES: Hell freezes over. Clinton finally tells all.

--*JANET CUNNINGHAM*

HAPPY BIRTHDAY

Dave Rush 3/21

Dorron Margalit 3/23

Rob Oglesby 3/24

*HAPPY
ANNIVERSARY*



Tony DeMaria 3/22/65

Neysa Colizzi 3/20/95

the HOT SHEET

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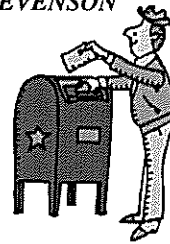
Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“YOU MUST LEARN FROM THE MISTAKES OF OTHERS. YOU CAN’T POSSIBLY LIVE LONG ENOUGH TO MAKE THEM ALL YOURSELF.”

-SAM LEVENSON



PROJECT POSTCARDS:

WEST COAST REPORT -- AN ADVENTURE IN THE EMERALD CITY

I'm the second KSAer to visit the Seattle Outpost Office (SOO). I'm the second because Tony DeMaria prefers to have meetings in hotels when he goes out there and it is Brad Humphries' house after all. Me? I wanted the full experience--so I decided to brave the spare bedroom and share a desk with Brad for the day.

The day started off uneventful enough with a conference call with all West Coast logistics managers (I'm now an honorary member) that lasted until lunch. Then Brad and I made our final preparations for our presentation to the Seattle chapter of the Council of Logistics Management (CLM). We put the finishing touches on the PowerPoint document, learned how to use the Bingo game prop--our topic was the results of the 1999 IMRA survey and it has a bingo game you can use to view many of the highlights. Two programs, but we got it all sorted out (I am a systems guy, after all). By 4:00 pm we were off since you can never tell about traffic in this city.

When we got to the hotel for the presentation things started to go awry. First of all, we were early and got lost (the "normal" room is not where the hotel decided to have the meeting). When we were finally shown the room, it was very small and ill configured for a presentation. No problem, we're KSA consultants—you know, resilient and all. We could handle it. Then the projection equipment came, but we could never get it to work with my computer (so much for being a systems guy, eh?). So, there we were with a visual presentation and no equipment to present with! Now this is getting kind of interesting, wouldn't you say? It got worse. We had NO printed backups! The PowerPoint piece was so short, we didn't think it was worth printing, and the Bingo game is not really printable--and we left our handout copies of the IMRA study in the SOO--but this was really a clever ploy cooked up by Brad, more on that later...

Oh #\$\$%^!!! you're thinkin', right? At first, so did we--but Debi Hamrick had supplied us with a cheat sheet for the game that became our saving grace. We introduced ourselves and the study, then verbally highlighted the statistics included in the game. Before we knew it, we were rolling! The game really lent itself to interaction--allowing the audience to test their knowledge (or guessing ability). And the fact that we did not have visual props may have even helped to get the audience MORE involved. Almost every statistic brought discussion!

So, a near disaster was diverted! The session was a success! And, because we conveniently left our study results booklets in the SOO, we HAD to get business cards from folks that wanted us to mail them to them. Contacts? We solidified one with Nordstrom and added ones for REI, Intel, Eddie Bauer and SanMar (a local apparel company). Lesson learned--if you KNOW YOUR STUFF it doesn't matter what happens to your visual aids!

--ROB OGLESBY

VENDOR VITTLES

WEARABLE COMPUTING AND DATA COLLECTION VENDORS

Scanners:

Symbol Technologies
800-SCAN-234
www.symbol.com

Metrologic Instruments
609-228-8100
www.metrologic.com

PSC
716-265-1600
www.pscnet.com

Wearable Computers:

Xybernaut
703-631-6925
www.xybernaut.com

VIA
507-663-1399
www.flexipc.com

Teltronics
(Interactive Solutions subsidiary)
941-753-5000
www.info-isi.com

--LEANNE SMULLEN

MANHATTAN ASSOCIATES--REVENUE UP 91% FOR 1998 January 28, 1999

Manhattan Associates reported revenue of \$20M for 4Q98, giving it \$62.1M for the year, a 91% increase over 1997. Revenue growth for the quarter was led by a 165% increase in license revenue to \$5M from \$1.9M a year earlier and a 118% growth in

services to \$10M from \$4.6M. For the year, the company's revenue split was 22% license fees, 52% services, and 26% hardware. Manhattan added 27 new customers during the quarter, bringing its total to 375.

During the fourth quarter, Manhattan invested heavily in product development resulting in several new product offerings including third party logistics billing, engineered labor standards, and a suite of warehouse optimization products. The company also introduced its *Internet Transportation Guide* that allows its customers to pull current compliance requirements for the leading retailers from Manhattan's Website. Manhattan's strong revenue growth positions it as one of the top four supply chain execution vendors and its new product introductions further differentiates it as a leading software provider to the Retail and Grocery industries.

--CAMERON GEIGER

NOTES...NEWS...NONSENSE:

LEADERSHIP IN THE NEW DIGITAL ECONOMY

Don Tapscott, author of *The Digital Economy: Promise and Peril in the Age of Networked Intelligence*, spoke recently at the Leadership Forum in Atlanta. He described 12 themes prevalent in the new digital economy:

1. **Convergence** - Computing, content, and communication are converging to create a new economic sector valued at \$1 trillion in North America alone. Companies will need to move to the center of this triangle or they will be left out of the key area of wealth generation of the future. Your business plans should include the Internet.
2. **Knowledge** - Intellectual capital and innovation are the principal drivers of value in the networked economy. This requires businesses to invest in and account for the brainpower of their human resources. It also requires them to insure their products and services meet the knowledge needs of consumers (e.g., shirts with computer chips capturing buyer stats).
3. **Digitization** - Cash, stocks, voice, books, music, stamps, and pictures will all be digitized. Microsoft Expedia has dwarfed Britannia, the number one encyclopedia company for over 200 years.
4. **Virtualization** - Many businesses will forego a physical presence and use the Internet to sell their wares. Meetings are more commonly conducted on the Internet. Programmers from India perform work for companies in the US via the Internet and are virtual immigrants.
5. **Molecularization** - Markets will be reduced to the smallest economic unit (or molecule). Instead of mass marketing, we will do more customizing for markets of one.
6. **Integration/Internetworking** - Previously distinct groups will begin to link to create unified relationships. Firm departments, customers, suppliers, and competitors can exchange information faster, reduce costs, and then turn toward innovation. The new competitive form

of firms will be the e-business community (EBC), a network of suppliers, distributors, commerce providers, and customers that use the Internet and other electronic media as platforms for collaboration and competition.

7. **Disintermediation/Reintermediation** - The middleman will be edged out or need to be reinvented. Travel agents are less in demand when you can make your reservations yourself. you can order your groceries on-line.
8. **Innovation** - The new generation will seek competitive advantage by breaking things, even if they are not broken, and building them in new ways.
9. **Prosumption** - The boundaries between production and consumption have blurred. When you custom design your own version of the Wall Street Journal, you take part in the production process.
10. **Immediacy** - The global economy allows transactions in real time. Federal Express' ability to track shipments is a move in this direction.
11. **Globalization** - As boundaries are disappearing, the world is becoming a smaller place. This will affect how we make rules, govern, make decisions.
12. **Dissonance** - If all these things are true, we are likely to have considerable upheaval. Issues of privacy, access equity, censorship, ownership etc, will emerge.

Tapscott called for sensible leadership and a sense of urgency when responding to the pressures of the digital age. After all, it is people, not technology that determines economies, work systems, and families.

--*PAM BECKERMAN*

ANSWERS TO LAST WEEK'S LOGIC PUZZLE

Drink:	Swizz	Fizz	Bizz	Whizz
Flavour:	lemmon	pineapple	blackcurrant	orange
Child:	Simon	Elaine	Angela	Ian

Congratulations to Loraine "Quick Logic" Laurino for being the first person to respond with the correct answer to the Puzzle.

ROTARY 4-WAY TEST

One of the most widely printed and quoted statements of business ethics in the world is the **Rotary 4-Way Test**. Rotarian Herbert J. TAYLOR created it in 1932 when he was asked to take charge of a company that was facing bankruptcy. Taylor looked for a way to save the struggling company mired in depression caused financial difficulties. He drew up a 24-word code of ethics for all employees to follow in their business and professional lives. The 4-Way

Test became the guide for sales, production, advertising and all relations with dealers and customers, and the survival of the company is credited to this simple philosophy. Herb Taylor became president of Rotary International in 1954-55. The 4-Way Test was adopted by Rotary in 1943 and has been translated into more than a hundred languages and published in thousands of ways. Here it is in English:

"Of the things we think, say or do:

1. Is it the Truth?
2. Is it Fair to all concerned?
3. Will it build goodwill and better friendships?
4. Will it be beneficial to all concerned?

--*LAURIE DANIELE*

THE AMERICAN DREAM

Only in America. . .can a pizza get to your house faster than an ambulance...

Only in America. . .do drugstores make the sick walk all the way to the back of the store to get their prescriptions.

Only in America. . .do people order double cheeseburgers, a large fry, and a diet coke. . .

Only in America. . .do banks leave both doors open and then chain the pens to the counters. . .

Only in America. . .do we leave cars worth thousands of dollars in the driveway and leave useless junk in the garage. . .

Only in America. . .do we use answering machines to screen calls and then have call waiting so we won't miss a call from someone we didn't want to talk to in the first place. . .

Only in America. . .do we buy hot dogs in packages of ten and buns in packages of eight. . .

HAPPY BIRTHDAY

Denise Trostle 3/13



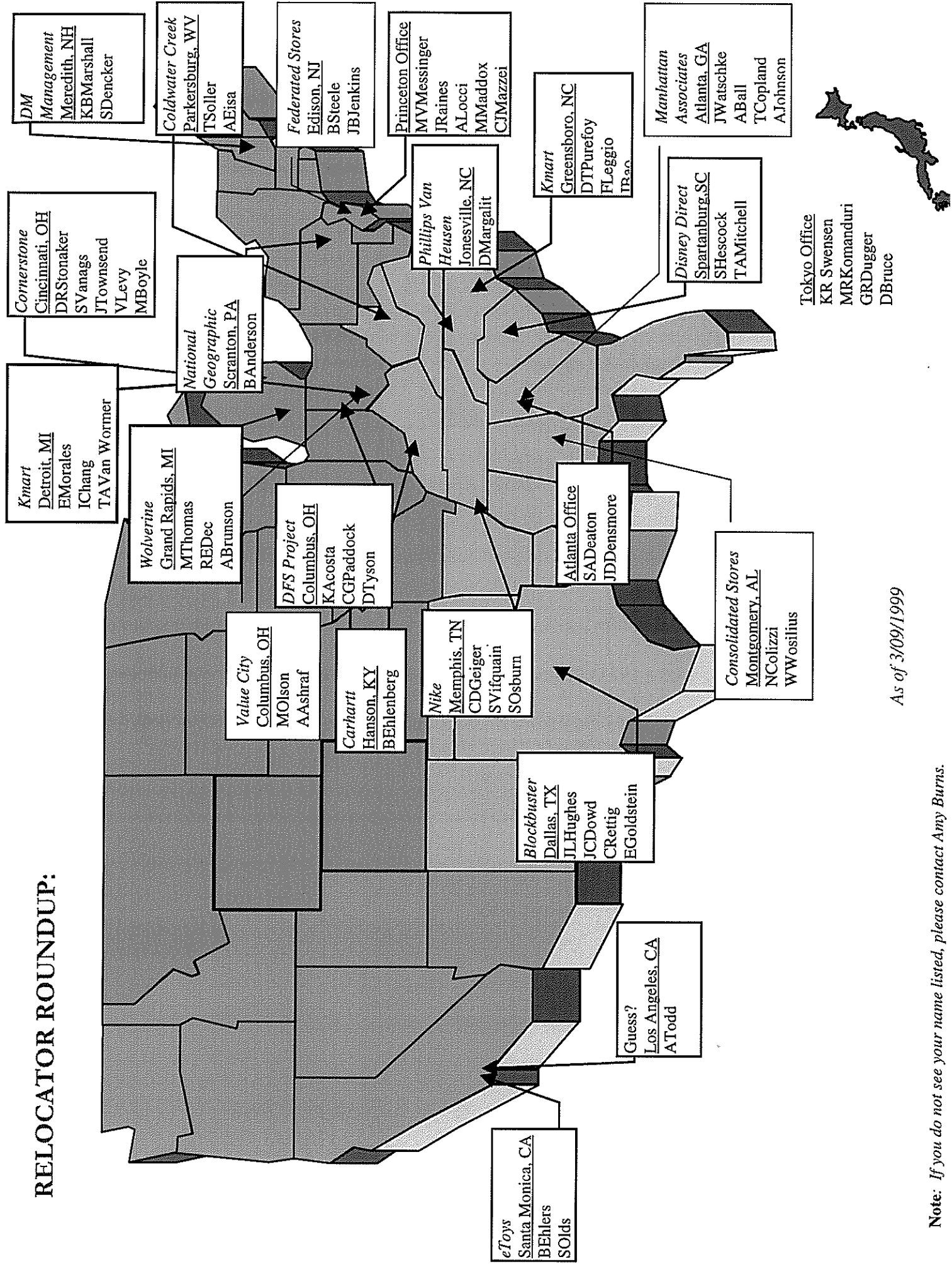
Ashraf Arshad

3/12/98

Randy Moore

3/14/83

RELOCATOR ROUNDUP:



As of 3/09/1999

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

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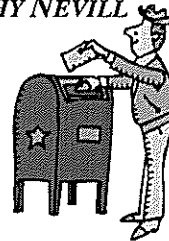
Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“THE REAL ART OF CONVERSATION IS NOT ONLY TO SAY THE RIGHT THING AT THE RIGHT PLACE BUT TO LEAVE UNSAID THE WRONG THING AT THE TEMPTING MOMENT.”

- DOROTHY NEVILL



PROJECT POSTCARDS:

BLOCKBUSTER NEWS

Hello again from the Base Plus[®] Project at **Blockbuster Entertainment** in McKinney, Texas! We want to extend to Brad Anderson a warm welcome to KSA and our project while at the same time saying farewell and good luck on his next project with National Geographic. Brad started KSA at Blockbuster at the beginning of January (just out of school) and after working with us for a month, he moved on to Scranton, Pennsylvania to help National Geographic move their inventory from a DC in Scranton to two other DCs. We know he is doing a great job!

Life at Blockbuster is productive. There's always a new department to time study and kick-off as well as a change here and there in on-standard departments that require adjustments. We are also now focusing strongly on the hand-off of Base Plus[®] and Control Plus to the Client Engineers. We are leading training sessions for managers and supervisors so that they will be able to correctly handle problems that arise with associates. The client engineers are leading these sessions with a KSAer along as a resource. We also hope to design and implement a communication system so the departments can easily notify the engineering team of any changes taking place in their department that would influence the performances of the associates. So far, we have reported \$450,000 in savings for Blockbuster, with 534 people on standard in eight departments!

-ELISABETH GOLDSTEIN

INDUSTRY INSIGHTS

HOLLYWOOD ENTERTAINMENT EYES SPINOFF OF REEL.COM

Seattle Times (1 March 1999)

Hollywood Entertainment plans to take public its Internet properties such as online video store Reel.com and will make more Internet-related acquisitions, Chairman Mark Wattles said.

"Ultimately, you'll see an (initial public offering) of our Internet properties. The question is when," Wattles said yesterday. "It's something that we're seriously considering because it would add to our resources."

Hollywood Entertainment, the No. 2 US video rental chain, created a separate holding company called Internet Hollywood to give its online businesses more flexibility, Wattles said. Hollywood Entertainment, which bought Reel.com last year, also plans to revamp the site with better technology within 30 days.

Portland-based Hollywood Entertainment said Jeffrey Jordan, previously its CFO, will become the president of Internet Hollywood. Reel.com Chief Executive Julie Wainwright is leaving the company, Wattles said.

--BRAD HUMPHRIES

VENDOR VITTLES

POSTAL SERVICE AND DHL JOIN TO OFFER TWO-DAY SERVICE BETWEEN U.S., EUROPE

By Douglas A. Blackmon (Staff Reporter of THE WALL STREET JOURNAL)

The U.S. Postal Service, moving to bolster its international mail operations and take on newly aggressive overseas post offices, is forming an alliance with DHL Worldwide Express Inc. to jointly offer a two-day-delivery service between certain U.S. cities and Europe.

Under the plan, approved Monday in a closed-door session of the Postal Service's board of governors, the service will offer guaranteed two-business-day delivery between 11 major U.S. cities and any address in 18 foreign countries. A half-pound shipment between any two points would cost about \$23, significantly less than the prices charged by FedEx, United Parcel Service of America Inc. and DHL's own branded Trans-Atlantic service. Customers could track the shipments by telephone or through the postal service's Internet site.

Rapid Transformation

The accord between the Postal Service and closely held DHL Worldwide, based in Redwood City, Calif., highlights the rapid transformation of the world's major post offices. As private

delivery companies such as FDX's FedEx unit and UPS have invested heavily to expand and market their global delivery services, old-fashioned international mail has declined steeply.

At the same time, European governments are rapidly privatizing their postal agencies, which in turn are acquiring private competitors. The Dutch post office, TNT, purchased the international express carrier TNT in 1996. Last year, Deutsche Post AG, the German postal service, purchased 25% of closely held DHL International Ltd., Brussels, which owns a minority stake in DHL Worldwide Express and operates DHL services outside the U.S. Both the German and British post offices also have purchased or started operations in the U.S.

Those trends have left the U.S. Postal Service vulnerable, with its often-undependable international express-mail service in a free fall. In 1998, the U.S. Postal Service shipped just 800,000 express-mail letters to Europe, down from 1.2 million in 1994.

"International express mail took three to seven days to deliver; there was no tracking and tracing," said John F. Kelly, the Postal Service vice president for package services. "In today's world, it almost has to be guaranteed."

By allying with DHL, the U.S. post office thinks it can make big improvements in its service to Europe with relatively little investment. The venture is also a first step toward considering the kinds of global alliances that other post offices are pursuing. If the DHL venture succeeds, postal officials say they will consider expanding the alliance to include other products and the rest of the U.S. "The future in the international arena is a series of international alliances," Mr. Kelly said.

Gains for DHL

For its part, DHL gets access to the Postal Service's network of retail customer counters in the 11 cities and an entry into the highly profitable market of small international shippers. Despite being the best-known delivery company overseas, DHL's brand is less well known in the U.S. It currently doesn't advertise significantly in the U.S. and focuses on large, heavily discounted corporate accounts.

Under the new service, postal customers will be able to drop off their shipments at any of 3,600 postal counters in the 11 U.S. cities: New York, Boston, Philadelphia, Charlotte, N.C., Phoenix, San Francisco, Houston, Miami, Minneapolis, Chicago and Washington, D.C.

The Postal Service will fly the packages to a hub in New York and turn them over to DHL Worldwide Express for transport across the Atlantic and delivery in Europe. DHL Worldwide Express is the U.S.-based partner of privately held DHL International Ltd. The two partners will share profits from the service but wouldn't disclose the formula.

Postal Service officials said they intend to maintain rates for the service at least 10% lower than those of competitors such as market leader FedEx, which charges about \$38 for a half-pound

two-day delivery from most U.S. cities to Europe. DHL charges \$35, and the UPS rate is about \$28, according to the companies.

Spokesmen for FedEx and UPS said the alliance underscores the need for tighter controls on the Postal Service's forays into private-sector competition and the handling of its profits from the monopoly on first-class mail. "This is using monopoly money to support pricing that is specifically aimed at private competitors ... and has nothing to do with market realities," said Ken Sternad, a UPS spokesman.

--LEANNE SMULLEN

NOTES...NEWS...NONSENSE:

MANAGING ONESELF

Some thoughts from Peter F. Drucker, Management Guru

Throughout history, people had little need to manage their careers – they were born into their station in life or, in the recent past, they relied on their companies to chart their career paths. But times have drastically changed. Today, we must all learn to manage ourselves.

What does that mean? According to Peter Drucker, it means we have to learn to develop ourselves. We have to place ourselves where we can make the greatest contribution to our organizations and communities. And we have to stay mentally alert and engaged during a 50-year working life, which means knowing how and when to change the work that we do.

It may seem obvious that people achieve results by doing what they are good at and by working in ways that fit their abilities. But, Drucker says, very few people actually know-- let alone take advantage of--their unique strengths.

He challenges each of us to ask ourselves fundamental questions: What are my strengths? How do I perform? What are my values? Where do I belong? What should my contribution be? Don't try to change yourself, cautions Drucker. Instead, concentrate on improving the skills you have and accepting assignments that are tailored to your individual way of working. If you do that, you can transform yourself from an ordinary worker into an outstanding performer.

Successful careers today are not planned out in advance. They develop when people are prepared for opportunities because they have asked themselves those questions, and they have rigorously assessed their unique characteristics. This article challenges readers to take responsibility for managing their futures, both in and out of the office.

--PAM BECKERMAN

RING IN THE NEW YEAR BY STEPPING OUT!

No, I haven't gone into a time warp. It's still only March. But, December 31, 1999 will be here before you know it. Have you made plans yet to ring in the new Millennium in style or are you interested in making plans with some of your KSA colleagues? E-mail your special New Year's plans to **Amy Burns** by **March 31** and be sure to read the April 2 edition of the *Hotsheet* to find out where everyone's planning to be when the clock strikes midnight and we usher in the Year 2000!

--K.B. MARSHALL

POP GROUP –ANOTHER TEST OF YOUR LOGIC

The diagram shows four stacks of cans of fizzy fruit drink in the local store. When James went shopping the other day, he bought a different flavour for each of his four children. From the clues given, can you name the drinks stacked in each of the piles, identify their flavours and say for which child each flavour was bought?

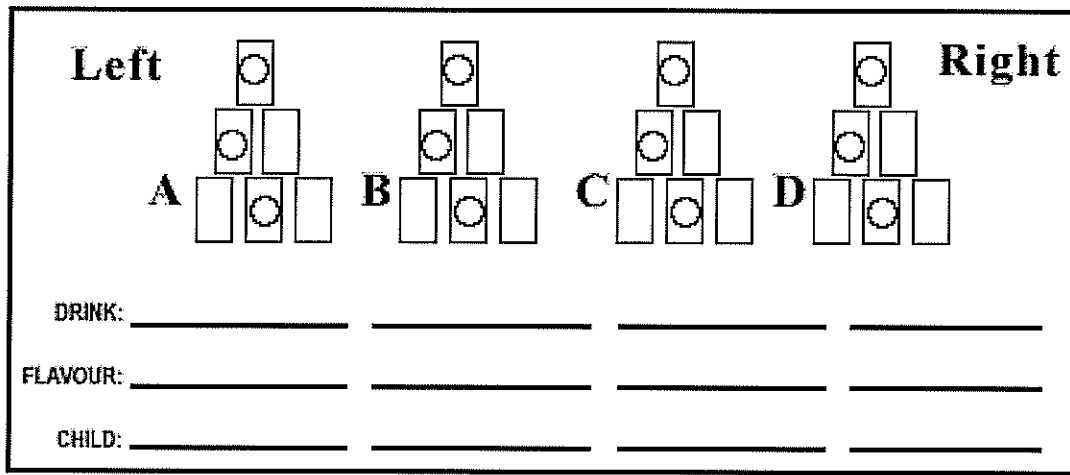
Clues

- 1 The Bizz, which was given to Angela, is stacked somewhere to the left of the orange-flavoured drink, which went to Ian.
- 2 Swizz is the name of the fizzy lemon drink.
- 3 Stack B consists of cans of Fizz, whilst the cans in stack A contain Simon's favorite flavour; the cans in stack C do not contain the pineapple drink.

Drinks: Bizz; Fizz; Swizz; Whizz

Flavours: blackcurrant; lemon; orange; pineapple

Children: Angela; Elaine; Ian; Simon



HAPPY BIRTHDAY

Jon Watschke

3/7



Curt Bonsib

3/08/96

Amy Burns

3/09/98

Mark Thomas

3/10/97

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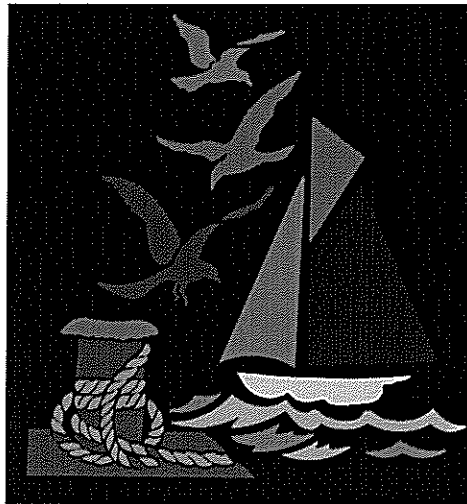
Publisher: Amy Burns

Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:



“TWENTY YEARS FROM NOW, YOU WILL BE MORE DISAPPOINTED BY THE THINGS THAT YOU DIDN'T DO THAN BY THE ONES YOU DID DO. SO THROW OFF THE BOWLINES. SAIL AWAY FROM THE SAFE HARBOR. CATCH THE TRADE WINDS IN YOUR SAIL. EXPLORE. DREAM. DISCOVER.”

- MARK TWAIN

VENDOR VITTLES

LTL RATING COMPARISON

As mentioned in years past, a few helpful Less-Than-Truckload carriers have placed their rates on the web for anyone to access - FOR FREE (sorry, Billy Fuller).

Each of the following carriers provides access to their rates either directly or via download:

- **Roadway Express** (can copy and paste into Excel, but no minimum shipment charges provided) at www.roadway-express.com
- **ABF** at www.abfs.com
- **US Freightways** at www.usfreightways.com

The following chart, comparing LTL rates between three points of origin and Columbus, Ohio, illustrates these carrier's base rate differences to the Georgia Freight Bureau (GFB) rates we have often used on strategy projects.

Georgia Freight Bureau Base Rate Comparison:

To: Columbus, OH Carrier	Fr: Trenton, NJ ¹ % over GFB	Fr: Greensboro, NC ¹ % over GFB	Fr: Sacramento, CA ¹ % over GFB	Total ² % over GFB
ABF	1%	-6%	11%	2%
Roadway	-5%	0%	11%	0%
USFreightways	11%	-5%	15%	9%
Georgia Freight Bureau	0%	0%	0%	0%

Notes: 1. Within an origin/destination, comparison is made using a representative range of shipment weights.

2. The total comparison across origin/destinations is made using an allocation of weights by origin (NJ = 45%, CA = 15%, NC = 20%) typical for national retailers.

--TOM CLEMENT

INDUSTRY INSIGHTS

INDUSTRY EVENTS CALENDAR

- March 21-24 Simulation Solutions '99 Conference
 Hilton Mesa - Mesa, AZ
 Institute of Industrial Engineers
 800-494-0460
- March 24-25 LatinLogicon99
 Inter-Continental Hotel - Miami
 Panalpina and Caps Logistics
 800-882-8684
- April 18-21 Warehouse Education & Research Council
 22nd Annual Conference: Energizing the Supply Chain
 Marriott Orlando World Center
 630-990-0001
- September 21-23 Supply Chain Expo '99 (formerly NAWDEC)
 Baltimore
 Penton Media and ISOA
 800-638-6396

**POSTAL SERVICE TO UNVEIL DELIVERY CONFIRMATION
Logistics (February 1999)**

In a move that could bolster its challenge to express and integrated carriers for a greater share of the deferred-shipments market, the United States Postal Service (USPS) will unveil a program for confirming receipt of a parcel-post and priority mail shipments. USPS expects to launch the new "delivery confirmation" service on March 14. It will be available for priority and parcel shipments delivered within the United States.

Under the new program, the postal service will apply a special barcode to confirm receipt of packages and parcels. When a package is delivered to a consignee, a postal worker will scan the barcode with a handheld terminal, then upload the data from the terminal to a computer.

In some cases, shippers will have to pay extra for delivery confirmation. USPS representative Monica Miller says there will be no additional charges for electronic validation of delivery of priority-mail shipments. For parcel post or Standard B-class shipments, however, electronic delivery validation will cost an additional 25 cents per piece.

Customers who do their business over the counter at a post office, meanwhile, will pay extra to confirm delivery either through the USPS web site (www.usps.gov) or via a toll free number to be announced later. The postal service will charge a retail customer 25 cents on priority mail and 60 cents on parcel shipments for delivery confirmation service.

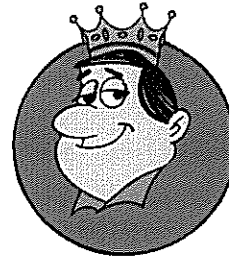
USPS already can trace express-mail shipments. But the new service for parcel post and priority mail will put the post office on a more equal footing with the major express carriers, which have offered a similar service for deferred shipments for years.

For its part, the postal service denies that the new service offering is designed to go after the business of express carriers, saying the new feature was added at the request of customers. "After the UPS strike, the people who came to us returned to their old carrier because we did not have this feature," notes Miller.

But some observers believe that USPS's introduction of delivery confirmation on parcel and priority mail shipments will intensify the competition for time-definite shipment services. Satish Jindel of SJ Consulting in Pittsburgh notes, "It will provide the postal service with an opportunity to take its three-day service for priority mail and convert it into a time-definite, two-day service. They can now offer a guarantee that's on par with the two-day services of the other private carriers."

--LEANNE SMULLEN

GEEK OF THE WEEK



Rod West

Rod wins this week's privileged distinction of Geek of the Week for sending out a mass e-mail to fellow KSAers announcing the construction of his new website to show off all the baby pictures that he's been lugging around with him for the past three months.

Congratulations, Rod, for being a proud Papa and our Geek of the Week!

FYI... Rod's website is <http://home.earthlink.net/~rjwest/index.html>

--CHRIS MERRITT

NOTES...NEWS...NONSENSE:

IF I HAD MY LIFE TO LIVE OVER

by Erma Bombeck

Iwould have talked less and listened more.

I would have invited friends over to dinner even if the carpet was stained and the sofa faded.

I would have eaten the popcorn in the 'good' living room and worried much less about the dirt when someone wanted to light a fire in the fireplace.

I would have taken the time to listen to my grandfather ramble about his youth.

I would never have insisted the car windows be rolled up on a summer day because my hair had just been teased and sprayed.

I would have burned the pink candle sculpted like a rose before it melted in storage.

I would have sat on the lawn with my children and not worried about grass stains.

I would have cried and laughed less while watching television – and more while watching life.

I would have shared more of the responsibility carried by my husband.

I would have gone to bed when I was sick instead of pretending the earth would go into a holding pattern if I weren't there for the day.

I would never have bought anything just because it was practical, wouldn't show soil or was guaranteed to last a lifetime.

Instead of wishing away nine months of pregnancy, I'd have cherished every moment and realized that the wonderment growing inside me was the only chance in life to assist God in a miracle.

When my kids kissed me impetuously, I would never have said, "Later. Now go get washed up for dinner."

There would have been more "I love you".. more "I'm sorrys"... but mostly, given another shot at life, I would seize every minute...look at it and really see it... live it...and never give it back.

--*LAURA LEGG*

SOLUTION FOUND

I hope I haven't misunderstood your instructions. Because to be honest, none of this Y to K problem makes any sense to me.

At any rate I have finished converting all the months on all my calendars so that the year 2000 is ready to go with the following new months:

Januark
Februark
Mak
Julk

HAPPY BIRTHDAY

Suzanne Dencker	3/02
Poormina Kaddi	3/03
Tom Clement	3/04



Steve Riepenhoff	2/28/72
Tom Clement	3/02/95
Poormina Kaddi	3/04/96

the HOT SHEET

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February 19, 1999

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Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

"DON'T JUDGE EACH DAY BY THE HARVEST YOU REAP, BUT BY THE SEEDS YOU PLANT."

-ROBERT LOUIS STEVENSON (1850-1894)

VENDOR VITTLES

GEORGIA FREIGHT BUREAU LOGISTICS NO LONGER PROVIDES RATES

KSAers who have worked on transportation network analyses for clients have probably talked to Bill Fuller of the Georgia Freight Bureau Logistics Department for trucking rate quotes. Recently, the GFB was granted non-profit status, and GFB Logistics found it could not compete very effectively in its industry. For that reason, GFB Logistics no longer provides rate quotes.

The good news is that our GFB Logistics contact, Bill Fuller, has been given the latitude to continue to provide rates to long-time clients like KSA. To that end, Bill has started his own company called Accutraine Freight Bureau. We still contact him at the GFB, and he will take our requests, provide quotes and bill us as Accutraine. Here are the contact numbers for Bill Fuller:

Phone 404-524-7777

Fax 404-521-1214

An example rate request worksheet is in the network Public Folders. The path is:

Public Folders/All Public Folders/KSA Forums/Consumer Products/306-Logistics/Logistics Projects/Strategy/Analysis Tools

--LEANNE SMULLEN

INDUSTRY INSIGHTS

SEARS TO CUT SOME APPAREL PRICES BY 15%, SHIFT AD CAMPAIGN FOCUS Wall Street Journal (February 18, 1999)

Sears, Roebuck & Co., hoping to compete more effectively with discounters such as Wal-Mart Stores Inc., said it plans to cut prices on some basic apparel by about 15% and shift its advertising campaign to focus on price.

The retailer also said it will reduce its vendor base by 15% in an effort to cut down on over-assortment in apparel. The moves are designed to turn around a slump in apparel sales as Sears has been squeezed by discounters on one end and traditional department stores on the other. In 1998, Sears' total revenue inched up just 0.1% to \$41.3 billion. In stores open at least a year, women's apparel sales decreased 1%, while children's fell 2% and men's fell 4%.

"It's clear that our marketing messages need revitalization," said Chairman and Chief Executive Arthur Martinez, adding that Sears has asked its advertising agencies, Young & Rubicam and Ogilvy & Mather, to review the once-successful "Softer Side" campaign, which has recently lost steam.

New Web Site Planned

Mr. Martinez and other Sears executives disclosed the plans during a presentation to analysts Wednesday at Sears' headquarters. The company also said it plans to add some flatware and dinnerware items to its merchandise mix and that it plans to launch a new Web site this spring that will sell 2,000 major appliances online. The Web site doesn't yet have its own Internet address, but can be accessed through the main Sears site, www.sears.com starting in March.

Mr. Martinez said the company hasn't decided whether to scrap the Softer Side campaign, but executives said Sears' print ads had become too basic and predictable and that television ads had become too image-oriented. The company said future advertisements would focus more on price and that the company will reduce advertising production cycles to a week from a month, starting next month. New value-focused ads will begin in the fall, a spokeswoman said.

Mr. Martinez declined to say which apparel vendors would be cut but said cuts would be across all apparel lines, including women, children and men. The reduction in vendors is meant partly to make room for in-store shops that Sears plans to introduce later this year, such as collections by Benetton Group SpA and Walt Disney Co.'s ESPN.

The retailer also plans to add more in-store shops for its private-label brands, such as Cross Roads casual wear and Apostrophe career wear.

More Product Categories

Sears said it also plans to add plastic storage, glassware, gardening and gift items to its product categories. The products will be in 250 to 400 of the company's 850 stores by the third quarter.

Robert Mettler, head of merchandising, said the company also will eliminate some underperforming categories.

The appliances Web site will include features such as delivery, installation and repair scheduling and credit services. It will also include appliance parts from more than 400 manufacturers. Jane J. Thompson, president of Sears' direct marketing business, said the Web site will offer the same price promotions as the stores and will match competitors' prices on appliances.

The company stressed the importance of the Internet to future retailing and noted that it already has some capabilities, such as fulfillment, that would be helpful in doing business online. But as for offering apparel on line, Mr. Martinez said it "is a distant thought at best, in our thinking right now."

Sears also said it expects cash flow in 1999 to be "roughly equal to" or slightly better than in 1998, when the company had cash flow of \$700 million after capital expenditures and before acquisitions and divestitures. It also projected low single-digit increases in same-store sales and modest improvements in margin rates.

FEDERATED TO BUY CATALOGUE RETAILER **Washington Post (Friday, February 12, 1999)**

Federated Department Stores Inc., the parent company of Macy's and Bloomingdale's, said yesterday it would pay \$1.7 billion to bolster its online and catalogue retail business by acquiring **Fingerhut Cos.**

Federated, the nation's third-largest department store chain with \$15.8 billion in sales last year, has been seeking ways to build a presence online to compete with electronic retailers beyond its Macy's and Bloomingdale's Web sites.

Fingerhut is the country's second-largest catalogue retailer, with about \$2 billion in sales through its catalogue and other largely discount-oriented catalogues it owns, such as Figi's food and gifts and Arizona Mail Order. Last year, the Minnetonka, Minn., company began repositioning itself beyond mail order, focusing on its database marketing business as well as acquiring minority stakes in Internet retailers Mountainzone.com, a seller of outdoor and sporting goods, and PC Flowers & Gifts Inc.

Industry analysts said the Fingerhut acquisition symbolizes a move by old-line retailers such as Federated to stake out a position in the evolving world of Internet commerce, which is growing rapidly. Even though electronic purchases today are only about 1 percent of all retail sales, consumers are increasingly interested in purchasing goods online and did so in record numbers this past holiday shopping season.

"Federated has a huge bricks-and-mortar structure but they want to grow their catalogue and electronic commerce business," said Robert Evans, an analyst with Craig-Hallum Corp., an institutional money management firm.

Federated also needs Fingerhut's sophisticated computer networking and customer-service infrastructure to compete with online retailers, and Evans said it was less expensive to buy these than to try to build them from scratch.

In the fourth quarter, Fingerhut's online sales soared 500 percent from the previous year. Analysts say the company anticipates online sales of \$100 million or more this year.

Federated will pay \$25 a share for Fingerhut and assume \$470 million in debt. The offer represents a price about one-third higher than Fingerhut's stock price before the offer. Fingerhut shares closed at \$24.37 1/2 yesterday, up \$5.56 1/4, on the New York Stock Exchange. Federated stock, meanwhile, lost \$2.81 1/4, closing at \$39.68 3/4 on the NYSE.

"This marriage is a brilliant move," said Kurt Barnard, president of the Barnard Retail Trend Report. "Federated is acquiring a wonderful operation, an extremely well-oiled infrastructure." Barnard and other analysts said Fingerhut is well regarded in the industry for its efficient back-office operations and ability to provide low-cost and effective customer service. It also has a customer base that is of a lower average income than Federated, whose department stores attract a mainly middle-class and upper-middle-class clientele.

"Federated suddenly gets the door to a targeted customer base it never had before, a low-budget consumer," Barnard said.

Full-service department stores such as those Federated operates have been losing sales in recent years to deep discounters such as Wal-Mart Stores Inc. and Target Stores, as well as specialty retailers such as Best Buy Co. that have focused on selling big-ticket items such as televisions. In response, department stores have turned their attention to apparel and luxury goods.

Although online sales of consumer goods are still in their infancy, they are growing rapidly and store retailers have been scrambling to establish their Internet addresses. But there have been problems.

Macys.com, for example, has had glitches with order processing, said analyst Evie Black Dykema of Forrester Research Inc., a Cambridge, Mass., market research firm. "Macys.com has had major problems related to fulfillment," she said, adding, "of course, Fingerhut is very good at that."

Forrester estimated that online retail sales were \$8 billion last year, but will soar to \$108 billion within five years. So far, the most common items bought online are computers, electronic gadgets and books.

NOTES...NEWS...NONSENSE:

LIVEN UP THE OFFICE

Is working in the office getting dull? If none of your fellow KSAers appreciate your attempts to lighten the atmosphere, why don't you amuse yourself! Try these suggestions, and rack up as many points as possible. You should probably be proactive, and set a performance goal.

ONE-POINT GAGS

- Run one lap around the office at top speed.
- Ignore the first five people who say "good morning" to you.
- Phone someone in the office you barely know, leave your name and "Just called to say I can't talk right now. Bye."
- To signal the end of a conversation, clamp your hands over your ears and grimace.
- Leave your zipper open for one hour. If anyone points it out, say, "Sorry, I really prefer it this way."
- Walk sideways to the photocopier.

THREE-POINT GAGS

- Babble incoherently at a fellow KSAer then ask "Did you get all that? I don't want to have to repeat it."
- Kneel in front of the water cooler and drink directly from the nozzle.
- Shout random numbers while someone is counting.

FIVE POINT GAGS

- At the end of a meeting, suggest that, for once, it would be nice to conclude with the singing of the national anthem (extra points if you actually launch into it yourself).
- Walk into a very busy person's office and, while they watch you with growing irritation, turn the light switch on/off 10 times.
- For an hour, refer to everyone you speak to as "Bob."
- Announce to everyone in a meeting that you "really have to go number two".
- After every sentence, say "mon" in a really bad Jamaican accent. As in, "The report's on your desk, mon." Keep this up for one hour.
- In a meeting or crowded situation, slap your forehead repeatedly and mutter, "Shut up, all of you just shut up!"
- At lunchtime, get down on your knees and announce "As God is my witness, I'll never go hungry again."
- In a colleague's planner, write in 10 am: "See how I look in tights."

- Carry your laptop over to your colleague and ask, "You wanna trade?"
- Repeat the following conversation 10 times to the same person: "Do you hear that?" "What?" "Never mind, it's gone now."
- Come to work in army fatigues and when asked why, say, "I can't talk about it."
- Speak with an accent (French, German, Porky Pig, etc) during a very important conference call.
- Hang a two-foot long piece of toilet roll from the back of your pants and act genuinely surprised when someone points it out.
- Rollerblade around the floor throwing candy to your colleagues.

--DIALLO TYSON



David Edwards

2/21/94

Britt Dayton

2/24/92

the HOT SHEET

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Logistics Services Group

QUOTE OF THE WEEK:

“THERE IS NO SUCH THING IN ANYONE'S LIFE AS AN UNIMPORTANT DAY.”

-ALEXANDER WOOLLCOTT

Vendor Information Session - Atlanta Office

Who: Cleco Systems, Inc.

What: Cleco Systems is a manufacturer of sideloaders, freepath stacker cranes, automated storage and retrieval crane systems and heavy-duty die handlers. Our unique strength resides in the ability to customize our machines to your specific application.

Where: Ansley Room - 9th Floor

When: Monday, February 15th (Noon-1pm)

Rep: Percy May

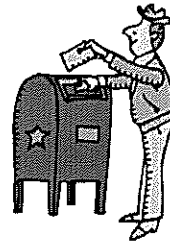
The Cleco Systems, Inc. presentation will explain and highlight the advantages of their unique “all electric” free roaming very narrow aisle machines that form the basis of Cleco’s manufactured product and system solutions.

Percy will also explain the methods of comparison and justification with conventional VNA solutions as well as describing and showing existing installations utilizing Cleco manual, semi and fully automated applications.

Join us for a free lunch and some good information!

RSVP to Leanne Smullen at x7241.

PROJECT POSTCARDS:



D.M. MANAGEMENT UPDATE

Welcome from KSA New England. Today's reading comes from the Book of Snow, chapter one, verses one through three. "And God said let there be snow and the snow was good, and the snow fell on New Hampshire a' plenty, and the plenty was good for there is relaxation in the snow and skiing and snowboarding and such." So endeth the lesson.

Now to the heart of the matter: **DM Management** has really started to push their new distribution center in Tilton, NH. The volume of product has risen from \$2,500 on Day One to well over a million dollars in just a month and a half. The consolidation of their operations from three facilities to one is nearly complete (one more week) and they are preparing to move their Contact Center (Call Center) into their new home today. With the facility in full swing several KSAers have left the team, notably Doug Way who headed the CMS/WMS design and implementation project and Barry Ehlers who spearheaded training and procedure development. Suzanne Dencker is deeply involved in getting the Base Plus program back on-line to reinstall standards. The original Base Plus project took nine months, we have a little over three to get it back up and running! When we really need to pinch hit we bring Bob Smith and Chris Merritt back in for two-day guest appearances.

K.B. Marshall has moved from the distribution center up into the contact center where we recently sold a new project to implement BasePlus. His move is in no way linked to setting a new record (innocently) for the longest SINGLE time study, 539 minutes. There is much work to be done in the call center but with the able guidance of Neil Buck, new to the team but not DM Management (Neil worked on the original strategy project over two years ago), we shall once again provide exceptional value to our client. Some notable productivity improvements in the DC over DM's previous facilities include:

Area	Old	New
Active Replenishment	9 case/hour	32 cases/hour
Packing	60 units/hour	72 units/hour
Receiving	220 units/hour	285 units/hour
Picking	85 units/hour	150 units/hour

As you can see we are very pleased with the preliminary results of improving DM Management's methods, procedures and reliance on equipment rather than associates. Now if we could just figure out how to make it snow on the slopes and not on our driveways!

--K.B. MARSHALL

SWEET HOME ALABAMA

It's been a long four months in L.A. (that's Lower Alabama, not California) for the gang at **Consolidated Stores'** Montgomery Distribution Center. We started this venture back in October with a crew of seasoned veteran jet-setters (Tony DeMaria, Scott Sangrey, and Ralph Wear) and one on-site rookie (yours truly). Ralph has transitioned on to drinking other people's beer and our latest member, Neysa Colizzi, is adjusting well to the vegetarian-friendly cooking of the Deep South. We've been searching, but have yet to find an eating establishment that doesn't serve deep-fried varmint of some kind or another. She's been a real trooper, but is steadily getting tired of instant oatmeal and soda pop. If you know southern cooking and know of any tofu restaurants in the area, please let us know.

Consolidated's Montgomery DC has been operating now for about eight months and has had some typical challenges. We've been refining processes and writing formal methods and procedures for each department and have seen some great improvements. In particular, the biggest success to date has been in the non-conveyable selection area where we went from picking 2,000 cartons a day to 10,000 in a single shift! The folks here are extremely willing to change and are very thankful for the improvements. At one point in November, the Consolidated folks were 4 days behind in the shipping schedule and had worked every weekend for three months. Now, we're finishing a five-day shipping cycle in four calendar days and haven't worked a weekend in a month. Time to turn the volume up a bit now that the growing pains are subsiding.

The first week in February, we rolled into the stock department to begin P.O.W.E.R (Performing Outstanding Work Earns Rewards), Consolidated's logo for Base Plus. Neysa, the Time Study Goddess, has gotten a chuckle or two out of me and my time study skills. My attempts to ride Grandma's 3-wheeled bicycle while frantically chasing forklift drivers, writing little itty-bitty numbers on a time study form, clicking a stopwatch left-handed, and trying not to get myself killed in the process have been nothing short of hilarious. Raising kids, while difficult in its own right, has never been this hard!

-- *BILL WOSILIUS AND NEYSA COLIZZI*

NOTES...NEWS...NONSENSE:

COMMUNICATION TECHNIQUES FOR SOLVING PROBLEMS WITH OTHERS

Telling and selling are not always the best strategies for leading problem solving discussions. In fact, the more we involve people in problem solving activities, the more they will own emerging solutions. From *Looking In/Looking Out* by Ron Adler and Neil Towne, here are an array of tactics for communicating with others to solve problems:

Questioning: prompting further examination. This entails probing for more details and soliciting interpretations ("What might have caused that?" "What would help in this situation?"). Questioning should prompt problem solving and not cause a digression or satisfy another agenda. Questions should not disguise the promotion of a solution.

Prompting: using silence or brief statements to draw others out. ("I see"). Non-verbal cues (head nodding) and other behaviors may be used to demonstrate attention and keep the other person focused on solving their own issue.

Analyzing: offering an interpretation. This involves suggesting alternative meaning ("Maybe the reason this occurs is..."). To make this effective, be tentative in your assertions, share only ideas you feel are reasonably sure to be correct, make sure the person is receptive, and avoid advancing an alternative motive.

Supporting: reassuring, encouraging. This can take the form of comfort or humor and should be sincere and appropriate. ("I believe you can handle this.")

Advising: offering a solution. This might be useful but needs to be delivered at the right time. Use when you are confident your answer is correct and the person is receptive to your ideas.

Judging: evaluating behaviors. This might entail a favorable assessment ("What a great idea!) or a critique ("I wouldn't try that.") Judgments have the best chance of being received if they have been requested and are genuinely constructive.

Paraphrasing: reflecting the speaker's ideas and feeling. This acknowledges you have heard the person and allows you to confirm your understanding. It can serve to clarify events as well as offer empathy. Paraphrasing should be used for relational development but only when the discussion is of sufficient complexity (Don't paraphrase simple statements. No one likes a parrot!)

Using a combination of these techniques usually promotes a fruitful exchange.

--PAM BECKERMAN



HAPPY BIRTHDAY

Jeff Boudreau	2/14
Karl Swensen	2/14
Janet Cunningham	2/15

*HAPPY
ANNIVERSARY*

Barry Ehlers 2/16/98

the HOT SHEET

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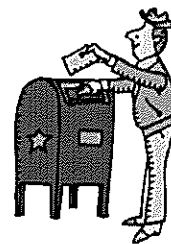
Logistics Services Group

QUOTE OF THE WEEK:

“LET YOUR LIFE LIGHTLY DANCE ON THE EDGES OF TIME, LIKE DEW ON THE TIP OF A LEAF.”

-RABINDRANATH TAGORE, INDIAN POET (1861-1941)

PROJECT POSTCARDS:



IF YOU BUILD IT, THEY WILL COME!

The KSA team working on the implementation of **Cornerstone's** new distribution center in Cincinnati knows they will not only come, but they will come in about two months. The member companies will start to move into the distribution center in April with *Ballard Designs* of Atlanta leading the way. The first wave continues with *Frontgate*, *TravelSmith*, and then *Whispering Pines*. The facility will be running full tilt by the time *Garnet Hill* and *The Territory Ahead* move in.

All six of Cornerstone's member companies have something in common: the high-end value of their direct marketing products. In many ways, however, the similarities end there. Each company has its own niche. There are four soft goods companies (mostly apparel and linens) and two that sell hard goods, ranging from sonic toothbrushes to 800 lb. outdoor grills. This large spectrum of products requires flexible material handling processes and creative storage methods. Other challenges include supporting each company's different marketing strategies, and interfacing PkMS (the selected warehouse management system) with two different catalog management systems during startup.

As we near our start-up date "What" you might ask, "has driven Cornerstone to undertake such an adventure?" Centralized distribution promises to deliver results in line with Cornerstone's mission: To become a World Class direct marketing fulfillment organization providing the utmost in dependable, efficient, service-focused fulfillment services to the members of the Cornerstone Group. Specifically, to provide such services as same-day shipping for all orders received by 7 PM and 24-hour shipping for all orders requiring personalization. In addition, centralized distribution offers Cornerstone such benefits as improved customer service, reduced

facility and operational costs, reduced manager to direct labor ratio, and increased technological opportunities. The choice was clear!

In order to accommodate this product mix, the Cornerstone distribution is split into conveyable and non-conveyable areas. The conveyable portion of the operation uses 2.5 miles of Rapistan conveyor, an RS-200 slat sorter, and an outbound tilt-tray sorter for sorting packages (boxes and bags) to the appropriate shipping doors. Most doors take advantage of drive-in trailer loaders to make the loading and unloading of trucks highly efficient. This high tech facility of the 21st century plans to ship five million orders during the first year of operations.

The implementation team of Todd Barr, Ken Walker, Dan Stonaker, Valerie Levy, Jeannette Townsend, Richard Bacak, Bruce Seeber, Doug Way and Scott Vanags recently welcomed Mike Boyle to the project. Mike is an intern, yet another Hokie from Blacksburg. Mike will be a senior at Virginia Tech in the fall and graduates in May of 2000, with a degree in Industrial and Systems Engineering and a minor in business. Mike's hometown is Wilmington, DE. During the summer, he prefers to be at the beach in Stone Harbor, NJ. Mike enjoys scuba diving, surfing, golf, and basketball. With Mike's apartment in the "Buckhead" of Cincinnati, Scott and Val now have places to crash in all of the hotspots of Cincinnati, which helps the trio attain Val's goal of "meeting half of the people in Cincinnati." Val has joined the cult of proud Palm Pilot carrying consultants and enjoys hearing the alarm function so much that she schedules lunch, dinner, and breaks. She is now actively recruiting Mike into the Geek Brigade, working on a promised commission from Dan.

So long from Cincinnati!

- MIKE BOYLE, VAL LEVY, AND SCOTT VANAGS

VENDOR VITTLES

MOTOR CARRIER RATE BUREAUS DODGE THE AXE - FOR NOW

With Congress intervening, the Surface Transportation Board (STB) handed down a December decision that leaves motor carrier rate bureaus with anti-trust immunity for at least another year. The immunity allows collective pricing of transportation services by organizations such as the Southern Motor Carriers Rate Conference.

Elimination of anti-trust immunity could cast the activities of the bureaus as price-fixing: the STB feels that current practices set "unrealistically high 'benchmark' rates and thus are contrary to the public interest."

The House of Representatives asked the STB to provide time to review the issue this year.

--TOM CLEMENT

NOTES...NEWS...NONSENSE:

THE END OF THE WORLD, AS REPORTED BY--

How would different parts of the media report the impending end of the world?

USA TODAY: We're Dead

The Wall Street Journal: Dow Jones Plummets As World Ends

National Enquirer: O.J. And Nicole, Together Again

Playboy: Girls Of The Apocalypse

Microsoft Systems Journal: Apple Loses Market Share

Victoria's Secret Catalog: Our Final Sale

Sports Illustrated: Game Over

Wired: The Last New Thing

Rolling Stone: The Grateful Dead Reunion Tour

Reader's Digest: 'Bye

Discover Magazine: How Will The Extinction Of All Life As We Know It Affect The Way We View The Cosmos?

TV Guide: Death And Damnation: Ratings Soar!

Ladies Home Journal: Lose 10 Lbs. By Judgement Day With Our New "Armageddon" Diet!

America Online: System Temporarily Down Try Calling Back In 15 Minutes

Inc. Magazine: Ten Ways You Can Profit From The Apocalypse

Microsoft's Web Site: If You Didn't Experience The Rapture, Download Software Patch Rapt777.Exe

SUN Microsystems: Armageddon Tolerant Software Now Available!

--*PAM BECKERMAN*

TO PUT THINGS IN PERSPECTIVE

Next time you think you're having a bad day read this.....

1. The average cost of rehabilitating a seal after the Exxon Valdez oil spill in Alaska was \$80,000. At a special ceremony, two of the most expensively saved animals were released back into the wild amid cheers and applause from onlookers. A minute later they were both eaten by a killer whale.
2. A psychology student in New York rented out her spare room to a carpenter in order to nag him constantly and study his reactions. After weeks of needling, he snapped and beat her repeatedly with an axe leaving her mentally retarded.
3. In 1992, Frank Perkins of Los Angeles made an attempt on the world flagpole-sitting record. Suffering from the flu he came down eight hours short of the 400 day record, his sponsor had gone bust, his girlfriend had left him and his phone and electricity had been cut off.
4. A woman came home to find her husband in the kitchen, shaking frantically with what looked like a wire running from his waist towards the electric kettle. Intending to jolt him away from the deadly current she whacked him with a handy plank of wood by the back door, breaking his arm in two places. Till that moment he had been happily listening to his Walkman.
5. Two animal rights protesters were protesting at the cruelty of sending pigs to a slaughterhouse in Bonn. Suddenly the pigs, all two thousand of them, escaped through a broken fence and stampeded, trampling the two hapless protesters to death.

And the capper.....

6. Iraqi terrorist, Khay Rahnajet, didn't pay enough postage on a letter bomb. It came back with "return to sender" stamped on it. Forgetting it was the bomb, he opened it and was blown to bits.

Hope your day is better than any of these!

--*BERNIE CAFFERTY*

HAPPY BIRTHDAY

Suzanne Judd 2/05

Ken Walker 2/07

Scott Sangrey 2/08

the HOT SHEET

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Logistics Services Group

QUOTE OF THE WEEK:

"IN GOD WE TRUST. ALL OTHERS MUST BRING DATA."

-BILL WISSING, DIRECTOR OF BLOCKBUSTER ENTERTAINMENT'S DISTRIBUTION CENTER

VENDOR INFORMATION SESSION - ATLANTA OFFICE

Who: DCS (Designed Conveyor Systems, Inc.)
Where: Emerald Room - 9th Floor
When: Friday, February 5th -- Noon to 1 pm
Rep: Ken Wood

**Who says there's no such thing as a free lunch?
Bring your curiosity, we'll provide the digs!**

After attending the session, we hope that attendees will:

- Be able to perform initial budget pricing
- Have more information available on how conveyor bids are evaluated
- Better understand how equipment and layout can impact the cost of a system

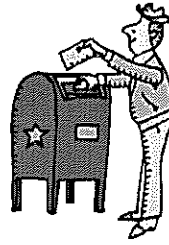
Other Stuff Covered Briefly:

- Sortation Devices and Common Accessories
- Pallet Handling Conveyor
- How does Conveyor Width Impact Cost?
- Some Noise-Reduction Techniques and their Cost
- Mechanical Installation Pricing
- The Impact of Conveyor Elevations
- Union vs. Non-Union
- Electrical Controls and Field Wiring
- Supervisory, WMS Interfaces, and Graphics Systems
- Permitting / Approval Requirements
- Accelerated Schedules / Joint Occupancy
- On-Site Testing Support
- We're Not Covering Engineering and Project Management -- Here's Why...
- Checking the Ratios -- The Sanity Check

Please RSVP to Leanne Smullen (X7241) by Wednesday, February 3.

PROJECT POSTCARDS:

NEWS FROM BLOCKBUSTER



Howdy from the Blockbuster Project in McKinney, Texas! Galen Erickson, Blockbuster Entertainment's Senior VP of Distribution (whom you all met at the Logistics Conference) received the following letter from *Modern Materials Handling* magazine:

Dear Mr. Erickson:

It is my pleasure to inform you that Blockbuster Entertainment has won the Ninth Annual Productivity Award for Distribution Excellence sponsored by *Modern Materials Handling* magazine.

Through the efforts of our Senior Editor, Tom Feare, your facility was reported on in our October, 1998 issue. Using a crossbelt sortation system which sorts 650 units per minute, Blockbuster's 52-acre distribution center accurately ships up to 600,000 items daily to 4,000 U.S. stores.

The Productivity Achievement Awards are being presented Monday evening, February 8, 1999 at a black tie dinner being held at the Chicago Hilton and Towers in conjunction with the ProMat '99 Materials Handling Show.

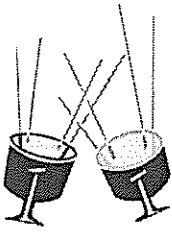
We look forward to your attending this event and accepting this award. Congratulations to you for your efforts in maintaining America's position as the most productive nation in the world.

Cordially,
Peter M. Boniface
Publisher

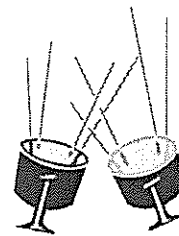


--ELISABETH GOLDSTEIN

IN THE SPOTLIGHT



J.D. DENSMORE



I. Professional Information

1. **Area(s) of Specialization w/in KSA:** Logistics Jack of All Trades
2. **Work Experience Prior to KSA:** Captain, U.S. Army Corps of Engineers
3. **Current Client** (Include a brief project description): Angelica – Wave Management, Management Training, Process Improvement
4. **List of Major Client Assignments** (name only): The Home Depot

II. Personal Information

1. **Place of Birth:** Wilmington, Delaware
2. **Married, Kids:** Wife Heather, no kids.
3. **Schools Attended:** U.S. Military Academy at West Point, 1993
4. **Hobbies:** SCUBA Diving, Backpacking, Hiking, Travel, Reading
5. **Astrological Sign:** Gemini
6. **Most Interesting Client Assignment & Why:** The Home Depot – The sheer scale of the operation and the variety of projects and size of the KSA team was an exciting and educational indoctrination into Logistics consulting.
7. **Worst Client Assignment & Why:** The Home Depot – Unclear client sponsorship and indecision made for a constant directional challenge.
8. **Most Interesting Place Visited:** The Bering Glacier, south of Cordova, Alaska.
9. **Favorite Quote:** I think all hard core Thinkers will agree: “He thinks too much. Such men are dangerous!” William Shakespeare
10. **Biggest Regret:** No regrets!
11. **Most Unusual or Funniest Experience:** SCUBA diving in Grand Cayman along a reef on the north wall and swimming over the edge looking below as the wall disappeared three miles below me...very humbling.
12. **If you could live anywhere, where would it be:** A mountain cabin overlooking Denali in Alaska, or an underwater home off the Galapagos Islands.
13. **Frequent Flier Miles:** Rapidly accumulating!
14. **Favorite Movie:** *Gettysburg*
15. **First Album (CD) Purchased:** Genesis - *Mama*
16. **Any Other Information** (i.e. that says something about who you are that you wouldn't

mind sharing with the group.) GO ARMY! BEAT NAVY!
NOTES...NEWS...NONSENSE:

CHARACTERISTICS OF GOOD LEADERS

The American Management Association (AMA) just sent its members a brief book entitled *Smart Leadership*. Each chapter is an interview with a respected business leader. I was leafing through and found some interesting thoughts offered by Thomas Horton, a former senior executive with IBM and the retired CEO of the AMA. (Is that enough acronyms for you?). Horton shared these ideas on the characteristics of good leaders:

- **Leadership is individualistic.** It has to do with being oneself and motivating others to do the same. Being charismatic is not essential. It is more important to be authentic and to draw deeply on one's well of knowledge and experience.
- **Integrity is the cornerstone of leadership.** A commitment to truth inspires confidence. Being grounded in reality prompts the development of workable solutions.
- **True leaders are good communicators.** They keep people focused on the organization's mission and priorities. They also share their insights and help people in the organization understand each other's perspectives. Good leaders teach - with a spirit of generosity.
- **Successful leaders are alert to opportunities.** They remain aware of the possibilities in the situations at hand. They have an eye on the horizon and act opportunistically.
- **Good leaders have mastered the art of decision making.** They know when to act quickly and when to gather more information from those closer to the problem. They think through the consequences of decisions, even the unexpected consequences, before taking action.
- **Leaders maintain their focus.** Jack Welch of GE can keep his focus while bombs are going off in other parts of his company. This requires sheer intelligence; intellectual muscle, not just brainpower. It's a matter of discipline and tenacity.

--PAM BECKERMAN

HMMMMM...

If one synchronized swimmer drowns, do the rest have to drown too?

If you ate pasta and anti pasta, would you still be hungry?

If a pig loses its voice, is it disgruntled?

Why do women wear evening gowns to nightclubs? Shouldn't they be wearing nightgowns?

Why is it that when we bounce a check, the bank charges us more of what they already know we don't have any of?

When someone asks you, "A penny for your thoughts," and you put your two cents in, what happens to the other penny?

Why is the man who invests all your money called a broker?

Why do croutons come in airtight packages? It's just stale bread to begin with.

When cheese gets its picture taken, what does it say?

Why can't you make another word using all the letters in "anagram?"

Why is it that no word in the English language rhymes with month, orange, silver, or purple?

Why, when I wind up my watch, I start it, but when I wind up a project, I end it?

Why is it that we recite at a play and play at a recital?

Why are a wise man and a wise guy opposites?

Why do we say something is out of whack? What is a whack?

Why don't tomb, comb, and bomb sound alike?

Why do overlook and oversee mean opposite things?

If horrific means to make horrible, does terrific mean to make terrible?

Why isn't 11 pronounced onety one?

--WALT HOLLIS

HAPPY BIRTHDAY

Mark Messinger	1/29
Steve Roberson	1/30
Mahesh Lad	2/02

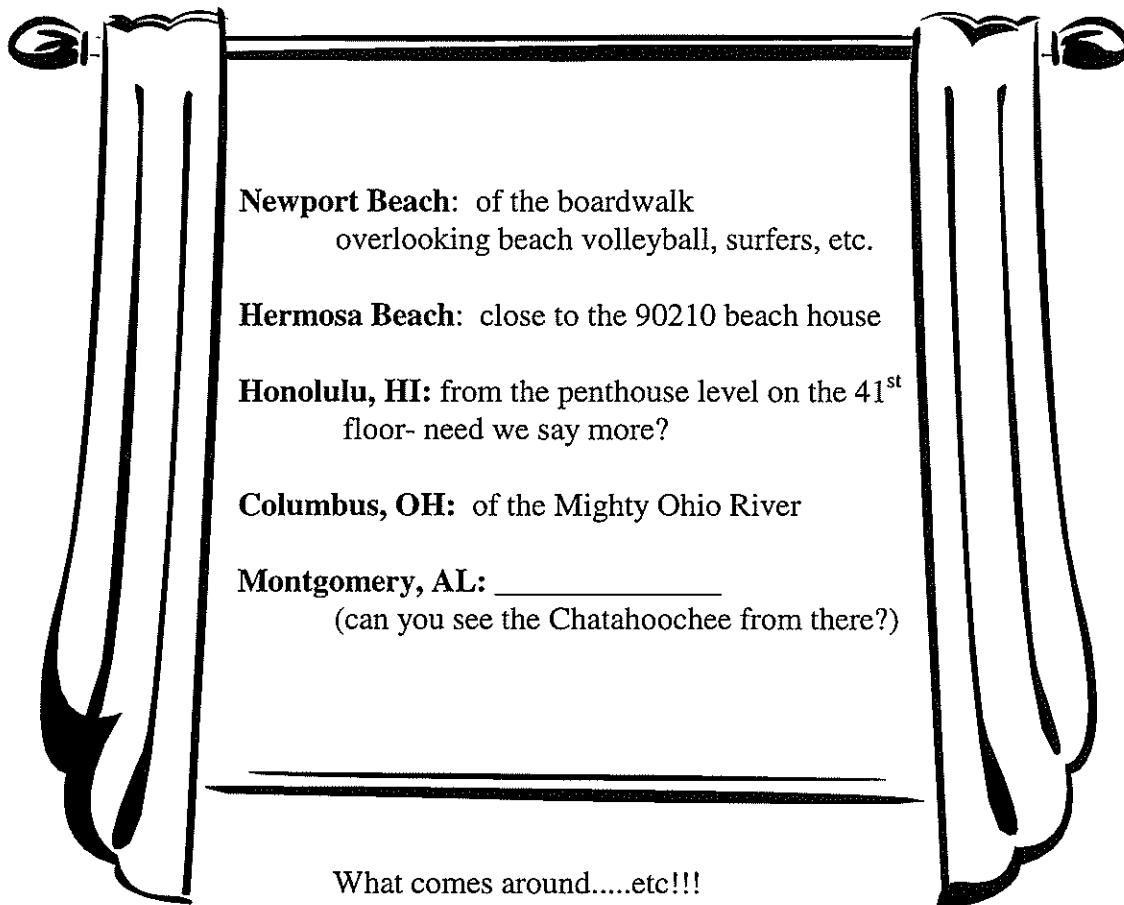
*HAPPY
ANNIVERSARY*



Rick Sanqui	1/29/96
Todd Mitchell	1/29/96
Al Sambar	2/01/95
Jon Watschke	2/02/98

ROOMS WITH A VIEW

To the envy of all relocators, until now.... Neysa Colizzi



--TDM

the HOT SHEET

vol. 8 no. 2

January 22, 1999

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Published by KSA Atlanta

Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

"THE MOST IMPORTANT THING ABOUT HAVING GOALS IS HAVING THEM."

-- GEOFFREY F. ABERT

VENDOR VITTLES

WAREHOUSE MANAGEMENT SYSTEMS (JANUARY 1999) THE HIDDEN COSTS OF A WMS

When it comes time for the cost-justification of warehouse management system acquisition, don't forget the less-obvious costs.

Where The Costs Come From

Budget Category	Percent Of Total Cost
Software and hardware	30% to 35%
System integrator	30% to 35%
Software vendor assistance	10% to 15%
Host system modifications	5% to 10%
Internal corporate costs	5% to 10%
Contingency and other	Varies

--LEANNE SMULLEN

RECENT SALES

Below is a list of Period 12 sales for the Logistics Department. If you have a sale that is not listed or you find that there are variances in any of the information, please contact Laura Legg as soon as possible. Congratulations to everyone who participated in each of these Sales!

<u>Client Name</u>	<u>Description</u>	<u>Project Manager</u>
Angelica Image Apparel	Logistics 1 st Phase Implementation	Peter Cleveland
Blockbuster Entertainment Group	Base Plus	Jana Hughes
Federated Logistics	Base Plus Extension	Raj Kumar
Jusco Co., Ltd.	Logistics Planning	Karl Swensen
Manco	Strategy	Al Sambar
The Walt Disney Company	Inventory Conversion Software	John Champion
The Walt Disney Company	Interim Operations Planning	John Champion
The Walt Disney Company	Memphis DC Year 2000 Testing	Sharon Gavron
Ulta 3	Logistics Planning	Neil Buck
Unifirst Corporation	WMS Implementation	Rob Oglesby
Unifirst Corporation	WMS Implementation	Rob Oglesby
Unifirst Corporation	WMS Implementation	Rob Oglesby
Unifirst Corporation	WMS Requirement Definition	Rob Oglesby
Unifirst Corporation	Control Plus	Denise Trostle
Value City	Logistics Strategy	Michael Swift
Wolverine World Wide, Inc.	Implementation Extension	Raj Kumar

NOTES...NEWS...NONSENSE:

ANSWERS TO EINSTEIN'S QUIZ

The answer to the Quiz is the German owns the Fish. There are actual two methods to deriving this answer.

Solution #1:

<i>House Color</i>	<i>Yellow</i>	<i>Blue</i>	<i>Red</i>	<i>Green</i>	<i>White</i>
Nationality	Norwegian	Dane	Brit	German	Swede
Pet	Cats	Horses	Birds	Fish	Dogs
Drink	Water	Tea	Milk	Coffee	Beer
Smoke	Dunhill	Blend	Pall Mall	Prince	Blue Master

Solution #2:

House Color	Green	White	Red	Blue	Yellow
Nationality	German	Swede	Brit	Dane	Norwegian
Pet	Fish	Dogs	Birds	Horses	Cats
Drink	Coffee	Beer	Milk	Tea	Water
Smoke	Prince	Blue Master	Pall Mall	Blend	Dunhill

(Note: The difference? Did you see the first house as the house on the far left or the far right?)

--JAN WATSON

RELATIONSHIP BUILDERS

Our jobs require us to achieve results with and through others. Whether we are implementing new procedures or selling follow on work, the level of trust and the quality of the communication we have with colleagues will have a direct relationship on our success. Strong relationships lead to enhanced problem solving, more risk taking, and enjoyable interactions.

Relationships only grow when you invest in them. Here are some quick tips for building relationships. I pulled these out of the *Successful Manager's Handbook*. Most of these are no brainers. Yet, as we drive through the day executing our duties, these are often the first behaviors we let slip.

- Be friendly and optimistic. People will want you around if you give them a lift rather than drag them down.
- Create shared interests. Engage people in dialogue about issues relevant to them. Actively listen. Paraphrase so they know you heard them.
- Give and seek feedback about events. Find out how people feel about the project at hand. Acknowledge their thoughts and feelings and share yours. Self-disclosure leads to bonding.
- Look for opportunities to build rapport. Go out for lunch, have coffee. Have some fun together. Introduce humor and socialize as appropriate...
- Recognize contributions. Thank people for their efforts, ideas. Everyone wants to feel appreciated.
- Be genuine and respectful. Avoid sarcastic humor. Glib wears thin after a while
- Be less evaluative in your dealings with people. Make allowances for differences in style.
- Confront issues, not people. Allow people to save face.
- Make sure your words are consistent with your actions.

--PAM BECKERMAN

YOU KNOW YOU DRINK TOO MUCH COFFEE WHEN...

- You answer the door before people knock.
- You grind your coffee beans in your mouth.
- You sleep with your eyes open.
- You have to watch videos in fast-forward.
- You can take a picture of yourself from ten feet away without using the timer.
- You lick your coffeepot clean.
- You spend every vacation visiting "Maxwell House."
- The nurse needs a scientific calculator to take your pulse.
- You can jump-start your car without cables.
- All your kids are named "Joe."
- You don't sweat, you percolate.
- You've built a miniature city out of little plastic stirrers.
- People get dizzy just watching you.
- The Taster's Choice couple wants to adopt you.
- Starbucks owns the mortgage on your house.
- Your taste buds are so numb you could drink your lava lamp.
- Your life's goal IS to "amount to a hill of beans."
- Instant coffee takes too long.
- You channel surf faster without a remote.
- When someone says, "How are you?" you say, "Good to the last drop."
- You want to be cremated just so you can spend the rest of eternity in a coffee can.
- You want to come back as a coffee mug in your next life.
- You're offended when people use the word "brew" to mean beer.
- You have a picture of your coffee mug on your coffee mug.
- You have a conniption over spilled milk.
- You think being called a "drip" is a compliment.
- You don't tan, you roast.
- You don't get mad, you get steamed.
- You help your dog chase its tail.
- Your coffee mug is insured by Lloyds of London.
- You introduce your spouse as your "Coffeemate."

--LAURIE DANIELLE

*HAPPY
ANNIVERSARY*



Jana Hughes 1/24/94
Chris Davis 1/25/95

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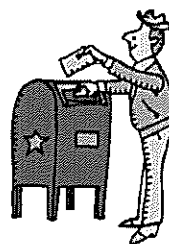
Editor: Leanne Smullen

Logistics Services Group

QUOTE OF THE WEEK:

“THE BEST PORTION OF A GOOD MAN'S LIFE IS HIS LITTLE, NAMELESS, UNREMEMBERED ACTS OF KINDNESS AND OF LOVE.”

-WILLIAM WORDSWORTH



PROJECT POSTCARDS:

WEST COAST UPDATE - GUESS? WHAT...

More work keeps rolling in here on the West Coast. This Monday 1/18, KSA starts a logistics strategy project with Guess? Inc. with the following objectives:

- Establish a long-term distribution strategy that obtains a higher level of customer service by being able to ship new styles and replenishment orders more quickly to customers' stores and to Guess? owned stores.
- Achieve the above through a world class distribution center.

So what do these objectives really mean? To help achieve the first objective, we will develop high level costs and benefits associated with an alternate DC location east of the Mississippi. To define the second objective, we will develop high level distribution requirements for a world class DC including operating concepts, overall space requirements, and estimated costs.

Aaron Todd is driving out from Memphis (Nike) and will be stationed in the SFO to work full time on the project. Bob Smith will be providing overall project direction and racking up frequent flier miles as he flies to/from Atlanta. Jeff DeRuiter will be managing the project, although his commute is a little shorter than Bob's...4 miles. The team will make periodic visits to Guess? in LA and work with project sponsor Byran Timm (ex-KSAer). Once the six-week project finishes, we hope to continue working with Guess? to design and implement their new world class DC.

--JEFF DERUITER

SPARKS FLY AT FEDERATED

SPARKS are flying at Federated Logistics. SPARKS (Skill, Pride, and Rewards Kindle Success) being the name of the Base Plus® project at Federated. Yes, it was a tough call, with many highly respectable entries:

P.O.T	Producing Outstanding Teamwork
S.M.T.M.P.	Show Me the Money Program
T.M.M.P.	The Mo' Money Program
T.G.R.Q.P.	The Get Rich Quick Program
Just Do It	(No elaboration)

We feel the best entry won (though the POT program name entry did have its own contingency of supporters).

Federated is the name, and time-study is the game... Brad Jenkins and I have logged many more hours onto our stop-watches since our last hotsheet entry. In doing so, we have successfully put three departments on standard, and only experienced minimal pain from frostbitten fingers. Yes, the temperature in New Jersey has plummeted along with the temperature in the DC. It is just plain cold here.

--**BRENDA STEELE**

ATLANTA VENDOR INFORMATION SESSION - MOTION SYSTEMS

Vendor: Motion Systems
When: Tuesday, January 26th, 12-1 pm
Where: Emerald Room, 9th floor Atlanta Office
What: VIS with lunch provided (45-minute presentation during lunch)
Who: Anyone who needs a refresher on tilt tray sorters or who has specific questions for the company rep
Rep: Steve McElweenie

Topics to be covered:

- Motion Systems Products and Services Overview
- Ancillary Equipment
- Tilt Tray Sorter Specifications and Applications
- Tilt Tray Sorter Budget Guidelines
- Linear Drive Upgrade Application Review
- Linear Drive Upgrade Budget Guidelines
- Control Systems Application Review
- Open Discussion & Questions

Please RSVP to Leanne (x 7241) no later than Monday afternoon (1/25), so that we can have a headcount for lunch.

--*LEANNE SMULLEN*

NOTES...NEWS...NONSENSE:

EINSTEIN'S QUIZ

(Answers will be printed in the January 22 edition of the Hotsheet.)

Einstein wrote this quiz in the last century. He said that 98% of the people in the world cannot solve the quiz.

Facts:

1. There are 5 houses in 5 different colors.
2. In each house lives a person with a different nationality.
3. These 5 owners drink a certain type of beverage, smoke a certain brand of cigar and keep a certain pet.
4. No owners have the same pet, smoke the same brand of cigar or drink the same drink.

Here's the question: Who owns the fish?

Hints:

1. The Brit man lives in a red house.
2. The Swede keeps dogs as pets.
3. The Dane drinks tea.
4. The green house is on the left of the white house.
5. The green house owner drinks coffee.
6. The person who smokes Pall Mall rears birds.
7. The owner of the yellow house smokes Dunhill.
8. The man living in the house right in the center drinks milk.
9. The Norwegian lives in the first house.
10. The man who smokes Blend lives next to the one who keeps cats.
11. The man who keeps horses lives next to the man who smokes Dunhill.
12. The owner who smokes Blue Master drinks beer.
13. The German smokes Prince.
14. The Norwegian lives next to the blue house.
15. The man who smokes Blend has a neighbor who drinks water.

--*JAN WATSON*

AN ABBREVIATED BIRTHDAY

At 2:30 pm (local time) last Sunday, I began my birthday, flying westward over the Aleutian Islands. We crossed the International Dateline in the jump-ahead-a-day direction, so my birthday actually began at 2:30 pm. None of this typical midnight stuff for me this year.

However, I continued flying westward for another 4.5 hours, during which time the local clock only rolled 3 hours. So I had the opportunity to lengthen the middle part of this late-starting day by 1.5 hours. The Kamchatka peninsula is something one should savor, you know.

So, if you geographic mathematicians are still following this story, you have clearly figured out that the first 14.5 hours of my birthday didn't exist, the last 9.5 hours were 1.5 hours too long, and the whole day lasted just 11 hours.

This sort of makes up for that leap-second we all celebrated a few weeks ago.

P.s. Maybe that's why they sell so many duty-free watches on these long flights. Mine jumped out of the window in despair.

P.P.S. I will make up for this abbreviated day on the flight home -- I arrive 3.5 hours before I take off.

--MIKE SWIFT

EXERCISES TO GET YOU READY FOR THE SKI SEASON

- Visit your local butcher and pay \$30 to sit in the walk-in freezer for half an hour. Afterwards, burn two \$50 dollar bills to warm up.
- Soak your ski gloves and store them in the freezer after every use.
- Fasten a small, wide rubber band around the top half of your head before you go to bed each night.
- If you wear glasses, begin wearing them with glue smeared on the lenses.
- Throw away one hundred-dollar bill now.
- Find the nearest ice rink and walk across the ice 20 times in your ski boots carrying two pairs of skis, an accessory bag and poles. Pretend you are looking for your car. Drop things on a random basis.



- Place a small but sharp pebble in your shoes. Line your shoes with crushed ice. Now tighten a C-clamp around your toes.
- Buy a new pair of gloves and immediately throw one of them away.
- Secure one of your ankles to a bedpost and ask a friend to run into you at high speed.
- Go to McDonald's and insist on paying \$8.50 for a hamburger. Be sure you get into the longest line.
- Clip a lift ticket to the zipper of your jacket and ride a motorcycle fast enough to make the ticket inflict multiple lacerations on your exposed face.
- Drive slowly for five hours – anywhere – just so long as it's in a snowstorm and you're following an eighteen-wheeler.
- Fill a blender with ice, hit the pulse button, and let the spray blast your face. Leave the ice on your face until it melts. Let it drip down your collar and into your clothes.
- Dress up in as many clothes as you can and then proceed to take them all off because you have to go to the bathroom.
- Slam your thumb in a car door. Don't go see a doctor.
- Repeat all of the above every Saturday and Sunday until it's time to head out on your ski trip.

--LEANNE SMULLEN

HAPPY BIRTHDAY

Raj Kumar 1/15
Dawn Kale 1/21

HAPPY
ANNIVERSARY



Mike Gregory 1/18/93

the HOT SHEET

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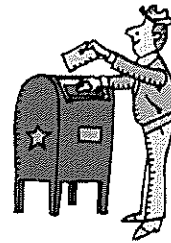
Logistics Services Group

QUOTE OF THE WEEK:

“LET US BEGIN BY COMMITTING OURSELVES TO THE TRUTH --TO SEE IT LIKE IT IS, AND TELL IT LIKE IT IS --TO FIND THE TRUTH, TO SPEAK THE TRUTH, AND TO LIVE THE TRUTH.”

--RICHARD NIXON, 37TH U.S. PRESIDENT

PROJECT POSTCARDS:



FEDEX TOUR

On a brisk December midnight, the Nike Retrofit Project Team had the opportunity to take a two-hour tour of the Memphis Federal Express Hub. The tour revealed several similarities that exist between Nike and FedEx.

Both companies were started in the early 70s by MBA students who had a business idea but no capital. Federal Express did the unthinkable by competing against the US government, while Blue Ribbon Sports (Nike) out-sourced all of their production and based their business upon design and advertisement of their product. During the early 90s both companies gained dominant market share and became household names around the world. Today these trailblazers face competition from rival companies but continue to lead innovation in their markets.

Both facilities are grand in scope and size. The Nike apparel DC is housed in a 1.2 million sq. ft. facility with 24 miles of conveyor and is currently modifying their facility to ship 1 million units per day. The Memphis FedEx hub ships over 2 million units daily, using their 300 miles of conveyor and numerous sortation methods, which are housed in the 1.5 million sq. ft. enclosures.

Crisplant has installed tilt-tray sorters at both facilities. At FedEx, letter-size envelopes are the only packages seen by one of the 16 tilt-tray sorters. Once an envelope is inducted onto the sorter, it is weighed 10 times. The average weight is used to electronically bill customers who exceed the permissible weight limit. The packages are finally sorted by destination. The sorters have a capacity of 325,000 units per hour. Nike, on the other hand, uses two tilt-tray sorters to

marshal and deliver totes, cases, individual units and carton documentation to 287 universal pack stations. The processing sorters at Nike were designed to handle in excess of 1 million units per day.

Although both sites have management centers which control the workflow, there are a few differences in their tasks. Nike must deal with storing, packing and ticketing cases of merchandise for later sale and distribution. FedEx has no such storage considerations since their main concern is distributing packages around the world within 24 hours, guaranteed. The apparel DC has the capability to handle 46,000 different SKUs that are eventually consolidated into corrugated cartons. FedEx's cargo has ranged from letter envelopes to 12 Arabian race horses, four Formula One race cars, and Shamu the killer whale.

If you ever find yourself in Memphis, be sure to visit the FedEx hub. You will be amazed by the efficient application of distribution technology and manual labor. Also, visit the Nike DC. We would be glad to show you what the Nike-KSA team has accomplished to date.

-AARON TODD, ANIKA BALL

HOORAY FOR HOLLYWOOD

New project update—Hollywood Entertainment. The project team named “The Four Corners” composed of John Champion (Atlanta), Jan Watson (Princeton), Brad Humphries (Seattle), and Alison Chen (Los Angeles) is convening in Wilsonville, OR (a suburb of Portland) over the next to months to determine a logistics strategy for Hollywood Entertainment's video business. The questions they are seeking to answer are:

- Should they go to a third party provider?
- Should they automate their current facility?
- Should they relocate their facility to a more optimum location?

Likely, an implementation effort or third party selection project will follow.

Hollywood Entertainment operates video stores all over the U.S. and owns Real.com (internet based video sales). The strategy project will attempt to marry these two parts of the business.

--BRAD HUMPHRIES

NOTES...NEWS...NONSENSE:

HELP IS HERE: KSA INSTALLS EMPLOYEE ASSISTANCE PROGRAM

As of January 1, 1999, our new employee assistance program went into effect. KSA employees and their families may now enjoy an additional resource; a program called *Life Balance*, a round-the-clock, counseling and referral service.

Life Balance provides a wide range of services including help with house/car shopping, finding child care and schools for your children, financial planning, care for elderly relatives, addiction and recovery and psychological services. The program also offers educational materials on achieving work-life balance

Here is more detail about this new benefit and the services being provided:

How do you access *Life Balance*?

It's easy. You can call the *Life Balance* toll free # 1-888-300-0431 (or its Hispanic call center toll free # 1-888-500-3247) 24 hours /day, 7 days/week from anywhere in North America. *Life Balance* provides you with unlimited access to its services, so you can use it as many times and as often as you need to.

Is it really free?

Life Balance is provided for you by KSA, as a free service to assist you in managing the demands created by your professional and personal lives. The consultations and referral services are free. However, you might at times have to pay for the actual service that you are referred to.

Does someone at KSA find out if you use *Life Balance*?

Life Balance is a completely confidential service, therefore no one at KSA will know if/when you call or for what reasons.

Who do you talk to if you call *Life Balance*?

Life Balance is comprised of professional consultants, trained in social work, psychology, child care, education, family/work balance, addiction, finances, law and work-related issues. You may choose to always talk to the same consultant if you prefer, and even set up appointments with a specific person at *Life Balance*.

What kinds of things can *Life Balance* really help you with?

One of the best things about *Life Balance* is the extremely broad range of services that it can provide. You can really call about almost any issue and receive either a consultation or, if applicable, a referral to another service. Below are a few examples of the types of areas in which *Life Balance* services can be very useful:

HOW LIFE BALANCE CAN WORK FOR YOU

Issue	Consultation Topic	Referral Type
Emotional Well-Being	<ul style="list-style-type: none"> • Stress/Depression • Marital issues • Grief and loss • Domestic violence • Family matters 	<ul style="list-style-type: none"> • In-person assessment sessions • Individual or family counseling • Shelters • Support groups • Court/Legal services
Everyday Issues	<ul style="list-style-type: none"> • Health Information • Purchasing a large ticket item • Appliance or home repair • Screening a house/pet sitter 	<ul style="list-style-type: none"> • Consumer research • National associations • Housing and pet sitting services • Appliance and home repair services
Legal Matters	<ul style="list-style-type: none"> • Divorce/family matters • Landlord/tenant issues • Criminal matters • Wills • Consumer issues 	<ul style="list-style-type: none"> • Attorneys • Legal programs • Community resources
Financial Issues	<ul style="list-style-type: none"> • Credit management • Household budgeting • Investment/Retirement planning • Insurance and taxes • Emergency services 	<ul style="list-style-type: none"> • Credit counseling • Financial planners • Tax professionals • Community resources
Education & Schooling	<ul style="list-style-type: none"> • Choosing a school • Preparing for college • Helping with study skills/homework 	<ul style="list-style-type: none"> • Private/Public schools • Special needs programs • Scholarships and college searches
Work Issues	<ul style="list-style-type: none"> • Co-worker relationships • Job burnout • Career planning • Performance concerns 	<ul style="list-style-type: none"> • Internal HR department • Policy and procedure information
Parenting and Childcare	<ul style="list-style-type: none"> • Prenatal • Adoption • Child development • Parenting skills • Gifted/Special needs 	<ul style="list-style-type: none"> • Adoption agencies • Day care centers/family day care • Before and after school care • Backup and emergency care • Special programs
Resources for seniors	<ul style="list-style-type: none"> • Caring for elders and the disabled • The aging process • Long distance caregiving • Understanding Medicare/wills 	<ul style="list-style-type: none"> • Care centers • In-home services • Meal and transportation programs • Geriatric assessments
Disability & Accessibility	<ul style="list-style-type: none"> • Advocating for services • Legal protections • Living with a disability • Caregiver support 	<ul style="list-style-type: none"> • Community programs and services • Special needs programs for students with disabilities • Centers for independent living
Addiction & Recovery	<ul style="list-style-type: none"> • Alcohol • Drugs • Gambling 	<ul style="list-style-type: none"> • Treatment centers/detox services • Counseling • Support groups

Please continue to call me for assistance when you need an ear or to resolve work related issues. This program represents an added resource for day to day problem solving. For more information about *Life Balance*, feel free to contact Karen Pantzer or me. KSA has provided this service for you and those close to you and we encourage you to utilize it.

--PAM BECKERMAN

1999 LEGGIO AWARD

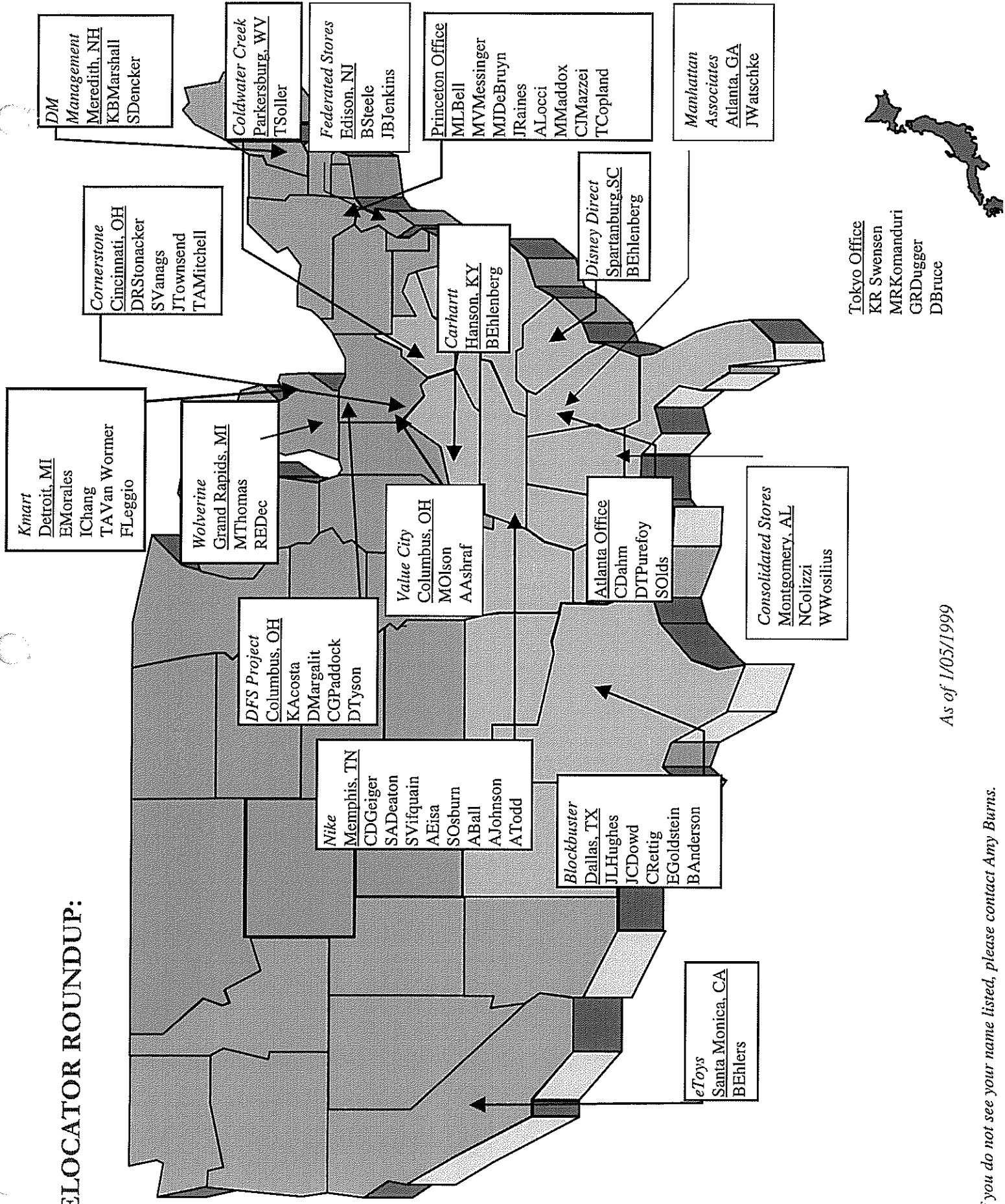
The first 1999 LEGGIO AWARD is presented to Frank Leggio for... being Frank Leggio. Most recently, Frank has amused and delighted all of the participants in the Logistics Football League by continuing to send a stream of trash-talking emails, despite the fact that the season ended weeks ago. Frank, who failed to even make the playoffs, often sends two or three emails a day! It's wonderful that he's able to commit hours and hours every day to amuse all of us. Good job Frank!

--COACHES OF THE LFL



- | | |
|---------------------|---------|
| Leanne Smullen | 1/8/96 |
| Cameron Geiger | 1/8/96 |
| Jan Watson | 1/9/89 |
| Priscilla Jorgensen | 1/10/94 |
| Chris Merritt | 1/11/88 |
| Karl Swensen | 1/11/88 |
| Dave Rush | 1/13/86 |

RELOCATOR ROUNDUP:



Kmart
Detroit, MI
 EMorales
 IChang
 TAVan Wormer
 FLeggio

Wolverine
Grand Rapids, MI
 MThomas
 REDec

DFS Project
Columbus, OH
 KAcosta
 DMargalit
 CGPaddock
 DTyson

Nike
Memphis, TN
 CDGeiger
 SADeaton
 SVirquain
 AEisa
 SOSburn
 ABall
 AJohnson
 ATodd

Blockbuster
Dallas, TX
 JHughes
 JCDowd
 CRettig
 EGoldstein
 BAnderson

eToys
Santa Monica, CA
 BEhlers

Cornerstone
Cincinnati, OH
 DRStonacker
 SVanags
 JTownsend
 TAMitchell

Value City
Columbus, OH
 MOLson
 AAshraf

Carhartt
Hanson, KY
 BEhlenberg

Disney Direct
Spartanburg, SC
 BEhlenberg

Consolidated Stores
Montgomery, AL
 NColizzi
 WWostilius

DM Management
Meredith, NH
 KBMarshall
 SDencker

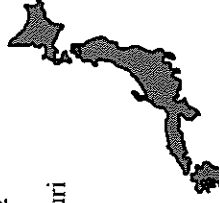
Coldwater Creek
Parkersburg, WV
 TSoller

Federated Stores
Edison, NJ
 BSteele
 JB Jenkins

Princeton Office
 MLBell
 MVMessenger
 MJDeBruyn
 JRaines
 ALocci
 MMaddox
 CIMazzei
 TCCopland

Manhattan Associates
Atlanta, GA
 JWatschke

Tokyo Office
 KR Swensen
 MRKomanduri
 GRDugger
 DBruce



As of 1/05/1999

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