

the HOTSHEET



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QUOTE OF THE WEEK:

"AMERICA IS A COUNTRY THAT DOESN'T KNOW WHERE IT IS GOING,
BUT IS DETERMINED TO SET A SPEED RECORD GETTING THERE."



-- LAURENCE J. PETER



PROJECT POSTCARDS

CONGRATULATIONS TO GREG ROBINSON AND TAMMY VEHAR FOR THE "SMOOTHEST
TRANSITION EVER IN NATIONAL GEOGRAPHIC HISTORY"

-- RALPH WEAR

On June 13th the National Geographic Society (NGS) went "live" with all front-end order processing for their catalog business. Due to the great on-site work by Greg, Tammy and the rest of the NGS staff, the VP of Member Services, Donna Hasslinger, said it was the "smoothest transition ever in National Geographic History". Hats off on a job well done. Stay tuned for a more detailed update from Tammy and Greg in the next Hotsheet.

CONSULTANT SPOTLIGHT

CRAIG MORIN: NOT AFRAID OF TAKING A RISK

Craig is a Virginia Tech graduate with a dual degree in Industrial Engineering and International Studies. His specialization is in facility design/development. Part of his experience comes from researching facility location decision-making for U.S. companies locating to Central and Eastern Europe. While attending school, he interned at UPS and Hanover Direct, and managed to be elected as president of APM, the ISE honor society. He also did some schooling in New Zealand and Australia. Though schooling was 5 years of hard work, he thoroughly enjoyed himself.

While in New Zealand, he found the people incredibly friendly and the landscape beautiful. Some of the most interesting people he's met were in New Zealand while he was hitchhiking.

When not working, Craig can be found playing or watching lacrosse, camping, hiking, or hanging out at Higgens Crab House in Ocean City, MD, with friends. He's even been known to go pub-crawling, while dressed in a kilt, with a bagpiper in tow. Craig basically likes to enjoy life and passes along these thoughts:

To Risk

To laugh is to risk appearing the fool.

To weep is to risk appearing sentimental.

To reach out to another is to risk involvement.

To expose feelings is to risk exposing our true self.

To place your ideas, your dreams before the crowd is to risk loss.

To love is to risk not being loved in return.

To hope is to risk despair.

To try at all is to risk failure.

But risk we must because the greatest danger in life is to risk nothing.

The man, the woman who risk nothing has nothing, does nothing, is nothing.

VENDOR VITTLES

PALLETIZERS MAKE SUPPLY CHAINS SIZZLE

(Unit Load, May/June 2000)

Palletizers are starting to get the nod from more manufacturers across all industry sectors. Virtually anything that is packaged in a case or a bag has to be palletized.

To earn the moniker palletizer, a machine must substitute for human hands, taking a package from an assembly line and placing it on a pallet. Beyond that, the variation is enormous. Some, such as row-strippers, align packages in rows and then layers, ultimately pushing a layer onto a pallet. Others rely on overhead vacuum (suction) systems or clam grips to pick up packages and convey them to the pallet.

Mechanical processes are often propelled by sophisticated robotics. Jointed-armed robotic palletizers can select among packages and move them to specific pallets. Many palletizers are integrated with product identification systems. Robotic palletizers fill an important niche at DCs. For example, an automated palletizer integrated with a barcode scanner can function as a de-palletizer. It breaks down pallet loads and directs the correct number of cases to new pallets headed to stores. The store can get the variety it requires in the small lots.

With increased production demands, more lines running (24/7), the tight labor market, OSHA's attention on ergonomics, and running more risks for workers' compensation -- palletizers are being

seen as another way to load pallets. Related gains include efficiencies in order processing and inventorying.

For the whole story and palletizer suppliers, visit

<http://www.unitload.com/articles/articledatabase/viewarticle.asp?articleURL=http://www.unitload.com/articles/2000/may/palletizer.asp>

INDUSTRY INSIGHTS

WEBVAN TO BUY HOMEGROCER.COM FOR \$1.2B

(The Industry Standard, June 26, 2000) Contributed by Mike Gregory

Internet-based grocery delivery service Webvan announced Monday that it will buy competitor HomeGrocer.com in an all-stock deal valued at \$1.2 billion. Webvan's big deal comes as Internet retailing faces increasing skepticism from investors and Wall Street analysts. Last Friday, electronic commerce giant Amazon.com lost nearly 20% in value after analysts questioned its creditworthiness.

When Webvan held its initial public offering in mid-March, shares gained less than 20% in their first day of trading, a modest bump for an Internet stock. The same week, online grocer Peapod nearly went out of business after the company's CEO resigned and backers withdrew a \$120 million round of financing. Dutch supermarket conglomerate Royal Ahold later bought 51% of Peapod for \$73 million.

Webvan said the deal for HomeGrocer.com would enable both companies to lower marketing costs and extract higher revenues from costly distribution and fulfillment centers. Webvan and HomeGrocer already operate in 9 cities and plan to extend their reach to 13 cities by the end of the year.

DOT COM STOCKS BATTERED AS ANALYST ATTACKS AMAZON

(Netimperative.com, June 26, 2000)

Ravi Sura, analyst at Lehman Brothers, has a damning report on the state of Amazon.com. The report claims that Amazon will run out of cash in the next four quarters, unless it receives further investment, which he sees as unlikely because of the state of the venture capital markets.

Most worryingly, the report claims that Amazon's losses are not due to excess expenditure, but a bad business model that is incapable of turning profits. This throws into question the whole online retailing model, and ensures a volatile week ahead for the whole dot com sector.

The language of Mr. Sura leaves no doubt as to his thoughts on the company. The company could not survive "unless it manages to pull another financing rabbit out of its rather magical hat," he said. Amazon was quick to label the report "hogwash," but has not yet rebutted any of the specific

details of the report. It would not be drawn on any plans to return to the capital markets.

The article/link below is a GREAT analysis performed by McKinsey and Salomon Smith Barney found on The Industry Standard's web-site. – MIKE GREGORY

PURE PLAY: A LOSING MODEL?
(The Industry Standard, June 19, 2000)

Almost two-thirds of Net retailers believe that they will not be profitable by the end of next year. Thirty-eight percent claim they won't see profitability until 2002. McKinsey & Co. and Salomon Smith Barney research analysts think they know why.

A recent study by the two firms, provided exclusively to The Standard, analyzes the business models of online retail pure-plays and offline retailers with e-commerce operations. The findings reveal that most offline businesses will find the Internet a profitable sales channel. However, few online retail pure-plays are expected to have long-term success without an offline partner or investor.

The article includes an evaluation of the average order size, gross margin and fulfillment cost per order for various retail verticals including grocery, apparel, toys, books and prescription drugs. It also estimates the break-even point for revenues by vertical category when an online retailer can expect to become profitable. Click below for your link.

<http://www.thestandard.com/research/metrics/display/0,2799,16063.00.html>

SCAN AND SUPPLY
(Logistics, June, 2000)

U.S. manufacturers have largely rejected demand-driven replenishment—a technique for using actual consumer demand to determine supply quantities—but new Internet capabilities could revive this practice. For one U.S. jean maker, demand-driven replenishment has proved to be a good fit. **VF Corp.** now supplies some 13,000 stores across the United States based on point of sale data. Click on this link for the story: <http://www.manufacturing.net/magazine/logistic>

NAFTA ON RIGHT TRACK
(Logistics, June, 2000)

Although the trade between Canada and Mexico does not come close to the volumes conducted with the US, there is a surge. The economic benefits of free trade appear to be overcoming the disadvantage of distance. That trend prompted Canadian Pacific Railway (CPR) to open its own office in Mexico City this spring following the successful introduction of “CPR-MEX” rail service in November. Thanks to CPR-MEX, which links CPR with the Union Pacific Railroad and Mexico’s Transportacion Ferroviaria Mexicana (TFM), Ferrocarril Mexicano (FXE), and Ferrosur (FSRR), CPR’s business with Mexico jumped by 25% for the year. CPR-

MEX provides bulk and intermodal ramp-to-ramp transportation, pre-arranged truck pickup and delivery in Mexico, port delivery service, and single-bill/single-contact service.

NOTES... NEWS... NONSENSE

HELP HAS ARRIVED

-- AMY DANIEL, 2 PLACES AT 1 TIME

We are proud to announce the July 7th arrival of our Concierge Service called *2 Places At 1 Time*. The concierge staff is available to assist you with virtually any request and, due to the fact that KSA subsidizes the service, the charge to you is very inexpensive. Simply give your concierge a call or visit the web page to wave goodbye to your mile-long "*things I desperately need to do but never seem to get to*" list. The concierge will work miracles while providing you with peace of mind. *2 Places At 1 Time* is available to provide such services as vacation planning, event planning, event ticketing, vendor research, transportation, moving and relocation, gifts and shopping, just to name a few. And as if that wasn't enough, the concierge will also be able to run errands such as have your car serviced, grocery shop, wait for home services/repairs, water plants, pick up mail, care for pets and more in all KSA cities!

The Concierge Service can be accessed by calling **877-2PLACES** or visiting **ksa.2places.com**. The hours of operation are Monday – Friday, 8:30 a.m. – 5:30 p.m., and the fees are \$5 an hour. The charges will be prorated on the half-hour and will be billed to one of the following personal credit cards: Visa, MasterCard, American Express, or Diner's Club. Look for more information in the coming weeks.

2 Places At 1 Time is looking forward to making your life a whole lot easier!

RELOCATOR ROUND-UP

Note: Please contact Laurie Crankshaw with corrections.

United States			
California	Ehlers, Barry Moosabhoy, Mufaddel Nguyen, Han Brunson, Andrea Soller, Todd	eToys Consolidated Stores Consolidated Stores Federated Stores Federated Stores	Santa Monica Rancho Cucamonga Rancho Cucamonga Los Angeles Los Angeles
D.C. (Washington)	Vehar, Tammy	National Geographic	Washington
Florida	Kingsley, Jeff Duque, Max Baltazar, Jesus Jeff Picken	Home Shopping Network Timberland Harcourt Brace	Miami office Miami office Miami office Orlando
Georgia	Bao, Johnny Chang, Iris Chinan, Vikas Dencker, Suzanne Purefoy, Dan Timerlake, Jujuan Johnson, Andy Todd, Aaron	Aramark Uniform Services Federated Staples Smile-Makers	Atlanta Office Atlanta Office Lawrenceville Atlanta Office Atlanta Office Atlanta Atlanta Office Atlanta Office
Illinois	Bolduc, Patrick Leggio, Frank	Sears KBKids.com	Chicago Chicago Office
Kentucky	Edmonds, Lucy Ehlenberg, Brian Hescock, Steve Taylor, Brad Ulicny, Dan Bolton, Richard Paransky, Noam Ryan, Sean	Ann Taylor Guess? Ann Taylor Guess? Global Sports Global Sports Global Sports Smith & Hawken	Louisville Louisville Louisville Louisville Louisville Louisville Louisville Louisville Florence
Maryland	Allen, Peter Griffith, Brad	Lippincott Williams Wilkins Lippincott Williams Wilkins	Hagerstown Hagerstown
New Jersey	Digulla, Lori Dietz, Eric Eisa, Ashraf Thomas, Mark Mays, Jon Nadkarni, Kedar	Popular Club Wal-Mart.com Wal-Mart.com Brooks Brothers Liz Claiborne	Edison Princeton Office Princeton Office Princeton Office Princeton Office North Bergen
North Carolina	Densmore, JD	PVH	Jonesville
Ohio	Anderson, Brad Levy, Val Baird, Kevin	Cornerstone Cornerstone Cornerstone	Cincinnati Cincinnati Cincinnati
Pennsylvania	Davis, Seth Dugger, Greg Fiore, Barry Messinger, Mark Vanags, Scott	Ross Stores Bestform Ross Stores Ross Stores Bestform	Carlisle Johnson Carlisle Carlisle Johnson
Tennessee	Christos, Jason Sampson, Brad Burke, Joni	Nike Nike Nike	Memphis Memphis Memphis
Virginia	Benton, Josh Fong, Terrance Giles, Laura Kellogg, Michael Morales, Enrique Olds, Shawn Raines, Joe Webster, Jack Copland, Tim La Vecchia, Marianna	eToys eToys eToys eToys eToys eToys eToys eToys eToys eToys	Danville Danville Danville Danville Danville Danville Danville Danville Danville Danville
Washington	Nadkarni, Kedar	Nordstrom Product Group	Seattle
West Virginia	Steele, Brenda Garrett, Jim Whitehouse, Sean	Coldwater Creek Coldwater Creek Coldwater Creek	Parkersburg Parkersburg Parkersburg
Wisconsin	McGraw, Colleen	JC Penny	Milwaukee

Mexico

	Consultant	Project	Location
<i>Aguascalientes</i>	Ayala, Jose Gerardo	Vianney	Aguascalientes
<i>Jalisco</i>	Hernandez, Sergio	Vanity Fair Intimates	Lagos De Moreno
<i>Nuevo Leon</i>	Benavides, Alberto Olivares, Felipe	Timberland	Monterrey Office Monterrey Office
<i>Zacatecas</i>	Martinez, Andres	Vanity Fair Intimates	Fresnillo
<i>Tamaulipas</i>	Felix, Ignacio	Vanity Fair Intimates	Reynosa

Central America

	Consultant	Project	Location
<i>Cortes</i>	Roriguez, Gustavo	Vanity Fair Intimates	San Pedro Sula, Honduras

Canada

	Consultant	Project	Location
<i>Quebec</i>	Peacock, Shannon	Aerated Home Furnishings	Montreal

United Kingdom

	Consultant	Project	Location
<i>England</i>	Dayton, Britt Deaton, Ashley Osburn, Steve Jeffrey Sauls	TGD Logistics MRI (Project Relay 3)	England Office England Office England Office London

Netherlands

	Consultant	Project	Location
<i>Amsterdam</i>	Trevino, Roberto	Seminis	Amsterdam

Japan

	Consultant	Project	Location
<i>Tokyo</i>	Bruce, Daniell Roge, Bob Swensen, Kem		Tokyo Office Tokyo Office Tokyo Office

HAPPY BIRTHDAY

John Champion	7/3
Enrique Morales	7/7
Sharon Gavron	7/10
Melissa McPhail	7/11



Alberto Benavides	7/4/1999
Sergio Hernandez	7/5/1999
Neil Buck	7/6/1992
Joshua Benton	7/6/1998
Lisandro Sagastume	7/7/1986
Jane Griesinger	7/8/1991
Rob Olgesby	7/9/1990

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QUOTE OF THE WEEK:

"THREE HINTS TO SPEECHMAKING:

BE SINCERE.

BE BRIEF.

BE SEATED."

-- ELEANOR ROOSEVELT

PROJECT POSTCARDS

KSA ASSISTS VANITY FAIR INTIMATES IN INCREASING MANUFACTURING CAPACITY

-- JOSE GOMEZ

In 1991, the Intimates division of apparel manufacturer VF Corporation requested assistance from KSA to increase manufacturing capacity, in order to satisfy the growth in sales. The new capacity had to maintain the quality and flexibility levels of mature plants in the US, while competing in an industry under a permanent cost reduction process.

KSA developed a sourcing strategy, which called for an expansion of the current operation of four plants in Latin America. For the implementation, a dedicated on-site team supported the start-up of eight manufacturing plants over a period of five years. KSA implemented state-of-the-art methodologies to train over ten thousand employees, using the Advanced Analytical Method of Training (AAMT®) for direct labor and the Manufacturing Management Training Methodology for the staff. The consulting assistance also covered other areas in selection of personnel, production systems and plant controls.

The company increased capacity from 80,000 to 400,000 units daily and was able to satisfy sales projections under the quality, flexibility and cost requirements. The increased capacity also allowed VF Intimates to generate additional revenue by producing for other divisions within the corporation (backpacks for Jansport and swimwear for Jantzen), and by executing contract work for private labels (Victoria's Secret, Dillard's, Sears, Avon, Nike, etc).

The project team has included all KSA Americas consultants at different points in time. Current members are **Juan Echeverry, Jose Luis Gomez, Alberto Pensado, Marcos Corminas, Ignacio Felix, Andres Martinez, Gustavo Rodriguez** and **Sergio Hernandez**.

ETOYS TEAM IN DANVILLE (DANVILLE WILL NEVER BE THE SAME)

-- MIKE KELLOGG & JOSH BENTON

As the eToys' project rolls through its 5th month in Danville, VA, we continue our ban on **Terry** "the Tasmanian Fonger" **Fong** and his 70MB Hotsheet articles. The team continues to grow and become more diverse as new consultants arrive. We now have consultants from all facets of the Fulfillment group as well as some members of the group formally known as PEG IT, we now refer to them as the "its." The current team of 17 is involved in Inbound and Outbound User Acceptance Testing, Outbound Integration Testing, training, procedures, staffing, and the design of additional DC's. Fortunately, the slave-driving, skirt-wearing **Al Sambar** does allow the team to enjoy some fun outside of the Blairs, VA, facility.

With the KSAers in Danville nearly doubling the local population, we have found that it is best to work together in finding activities outside of work. In a typical week, an outsider can see the many activities we all enjoy. Beginning with the dreaded Monday after the weekend, **Laura Giles** and **Enrique Morales** have been creating some airbrush art for the cubicles at work. Rumor is that for five dollars you and your significant other can be airbrushed to a T-shirt or license plate. As we move onto Tuesday, the group has become members of the PBA (Professional Bowlers Association) with **Marc Bessho** as chapter president. Elected to the post because of his broad-based appeal to those of both high and low skill level, his election was sealed on the evening that he posted both the highest score (211) and lowest score (67) in simultaneous games on different lanes. We invite everyone to come to Danville, but we warn you that this is a competitive night that has caused many injuries. **Al Sambar** started the injuries with a pulled buttock, was quickly surpassed by **Mike Kellogg** with the same injury as well as a dislocated shoulder, but none greater than the weekly display of injured pride from **Chris Williams** heartbreaking defeats at the hands of **Josh Benton**. Wednesday is a much calmer night where the team members have a relaxing night at home to soak their injuries in a hot bath, and of course to watch "Survivor." As we move onto Thursday, the team's morning discussions revolve around the previous night's episode of "Survivor." Some team members were so inspired, they have taken up scuba diving. Making weekly appearances at the shallow end of the YWCA pool, **Laura Giles** and **Tanny Petchor** are training for their certification. For those who enjoy a little excitement on Thursday night, *Phatty Boballati's* is always "kickin" (yes, that really is the name of the bar!). Do not believe any rumors you hear about **Josh Benton** and an elderly lady in a prom dress on the dance floor. All parties are innocent until proven otherwise in a court of law!

As we move to the weekends, the majority of the team vacates Danville for a little rest and relaxation. Those remaining will take in the local scenery. The first weekend of the month is known as *Crossing at the Dan*, a local get-together where all types gather and listen to a band play. Beer is cheap and the company is good. Other activities include working-out at the gym, going to the park, catching a movie, or taking in a round of "golf" as introduced to us by **Terry "Tiger" Fong**.

DIRECTOR'S DEPARTMENT

LOOKING BACK...

-- TORRE CRUPIE

I had a chance to go through my desk and clear out a lot of junk that has been accumulating since 1992. Among the things I found were copies of the first three years of the Hotsheet (mostly printed in hot pink paper). A few amusing entries from these include:

May 1, 1992 (Volume 1, Number 1)

- "The Guess? Inc. Distribution Planning project is on hold indefinitely. Marciano Brothers are digging in and laying off management." ...*Some things never change!*
- "The PO ordered another Apple Powerbook (it's 3rd) to be used for planning and strategy projects." ...*Pretty soon everybody will want one of those damned things!*

May 22, 1992 (Volume 1, Number 2)

- "Jack Horst started May 4 as a consultant in Distribution"
- "Congratulations to Tony DeMaria on successful efforts to quit smoking. Keep up the good work and we are all pulling for you." ...*Hard to believe that there are Principals at KSA who have never experienced the smoke haze that used to emanate from Tony's office.*

INDUSTRY INSIGHTS

THE NET MAY HELP REDUCE THE NUMBER OF HALF-EMPTY TRUCKS

(Businessweek Online, June 12, 2000) Contributed by Noam Paransky

In 1997 Benjamin Gordon, who was just 23 and working as a consultant, learned that thousands of smaller trucking and logistics companies across the country face the same problem: how to find, mix, and match shipments so that every truck is as full as possible. Gordon turned his energies to create software that could help truckers, shippers, and the brokers in between to match up their needs better. Now, three years later, Gordon is among a growing convoy of entrepreneurs who hope to solve this problem with a network of Web sites that will streamline the consolidation and outsourcing of freight trucking.

Gordon launched a service for so-called third-party logistics providers (3PLs) called 3PLex.com. It aims to sell software kits to help trucking brokers set-up online matching systems. "There are literally thousands of these 3PLs out there," says Gordon. If he can help them all Web-ify their businesses, it may mean fewer, fuller trucks on the road.

HODGEPODGE. The trucking industry remains a hodgepodge of big and small companies with few dominant players. Companies tend to be minutely segmented and highly specialized: some outfits serve a single city, while others, though regional, may transport nothing but produce. Then there are the thousands of logistics providers. To date, they have relied on a patchwork of phones, faxes, e-mails, and bulletin boards to match shippers with smaller trucking companies--many of which are one-man operations. At best, the system is inefficient. The paperwork to track, ship, bill, and arrange customs is endless. Yet the logistics providers annually mop up more than \$25

billion worth of business in the U.S., Gordon says. Even so, empty trucks still account for one-fifth of the miles logged annually by truckers, say industry experts.

Dozens of startups besides 3PLex.com are rolling out Web sites, and each hopes it will be the one that transforms the transportation and logistics market. Transplace.com, for instance, is considered by some industry insiders to be a leading contender in online logistics services. It is backed by six of the 20 largest trucking companies in the country, including J.B. Hunt. Industry giants FDX Corp. and Yellow Freight Systems Inc. are also putting money behind a number of these initiatives.

SUPER NETWORK. If all goes according to plan, these sites will match shippers with cargo more efficiently and eliminate the mountain of paperwork. Moreover, sophisticated wireless-communications equipment will soon allow the sites to interact in real time with their clients. Customers can check out what routes trucks are taking -- and even the temperature of their containers -- on a minute-by-minute basis. Industry experts say that this could cut losses by more than 30%.

The potential for the business is so huge, some analysts wonder if the titans of the \$500 billion trucking and transport industry -- such as United Parcel Service Inc. and FedEx -- might be threatened by this high-tech groundswell at the margins of their market. Others say that's unlikely, because large shippers will be skittish about turning their freight over to companies they know little about. But many of the majors are playing it safe by taking strategic stakes in some of the new logistics startups. Which means the race for the \$25 billion third-party logistics market will only continue to gather speed.

SHOP ONLINE -- PICK UP AT STORE: RETAILERS HOPE THE NET WILL TURBOCHARGE THEIR OUTLETS

(Businessweek Online, June 12, 2000) Contributed by Noam Paransky

New strategies from brick-and-mortars are starting to materialize, and they center on a simple idea: let consumers use the Web to dive directly into the inventory at their nearby stores, instead of waiting for stuff from a distant dot-com warehouse. In e-commerce parlance, to use clicks to get inside bricks. Customers save browsing time and get instant shopping gratification. "It's increasingly important to let consumers choose how they want to get their product," says James Vogtle, Boston Consulting Group's e-commerce research director.

In theory, there's a payoff for retailers, too. By letting buyers place orders and make pickups themselves, they wring more value from locations that already carry the costs of receiving, storing, and merchandising goods.

So far, only a handful of retailers are taking this path, including Circuit City Stores Inc. (CC), Office Depot (ODP), and Service Merchandise Co. This summer, however, a wave of retailers is expected to add this feature to their Web sites. Helping to lead the charge are two shopping-mall giants, the 257-mall Simon Property Group Inc. and the 136-mall General Growth Properties Inc. Meanwhile, a young upstart, found.com, is pushing its vision of Web-to-store purchases with

venture backer KKR-Accel Internet Co. "This is absolutely where brick-and-mortar merchants need to be in the future," says Forrester Research Inc. analyst Lisa Allen.

Amazon.com's CEO Jeffrey P. Bezos says he's "skeptical" of a need for consumers to peek into store inventories, saying that Wal-Mart (WMT) is in stock 97% of the time. "You're going to do all this for the 3% of the time you're out of stock?" Bezos mocks.

That's not the mood at Circuit City, which says this approach allows it to better serve must-have-it-now gearheads. For the past year it has offered a Web feature called Express Delivery, which allows users to search, in real time, product availability at various stores. At Circuit City's site, you can check for a product's availability at different stores within an area. Any time users click on a product, the site tells them which stores have it in stock. With a few more clicks, they can then have it plucked from that store's warehouse and ready for pickup. Already, 50% of Circuit City's Web site users get merchandise from physical stores. This approach is ideal for electronics, says Bowman, because customers often research products online, but try them out before purchasing. Bowman also credits the system for reducing conflict between the in-store staff and the company's Web site. Stores get full commissions for all online purchases they fill.

This example is just the crude beginnings of a new clicks-to-bricks world, argues Richard Lawson, the 29-year-old CEO of found.com. He envisions a still more sophisticated offering in which customers will be able to search for items -- say, a hard-to-find style of Levi's jeans -- across multiple retailers at once. That convenience appealed to Simon Property Group, which with found.com is developing systems that Simon hopes will be in place in at least 10 malls by the holiday retail season.

Once enough users start searching for products, says Lawson, retailers will then have access to real-time data measuring consumer demand. Of course, it's easy to talk about what the technology will do. It's far more difficult to make it work. Retailers have to piece together three complex and often outdated systems -- their inventory computers, their cash-register data, and a Web catalog describing the products. Then they have to devise a system for retrieving items from within the store, which generally means relying on a clerk to rummage in the aisles. The whole process is a "Rube Goldberg device," says Fulton R. Macdonald, of retail consultancy International Business Development. "All kinds of errors occur in physical stores that can mess up inventory status" and ultimately disappoint customers, he says.

SITES TO SEE

B2C WEBSITES

-- MIKE GREGORY

Here are some B2C web-sites that may provide some interesting information:

- Forrester ranks B2C web-sites including eToys, Gap, Walmart.com, KBKids, LLBean @ <http://www.forrester.com/ER/PowerRankings/0,2141,0,FF.html>
- Logistics exchanges are partnering w/ consultants for supply chain services @ <http://www.ilinkglobal.com/TheChain/Magazine/Articleview.asp?ArticleId=530>
- The face of home delivery for B2C @ <http://www.ilinkglobal.com/TheChain/Magazine/ArticleView.asp?articleid=531>

VIBES TO INTERNATIONAL TRADE *(Sites & Insights)*

A good gateway to information about international trade is Virtual International Business & Economic Sources (VIBES) <http://libweb.uncc.edu/ref-bus/vibehome.htm>. VIBES has more than 1,600 carefully chosen links to free international business and economic information on the Internet, much of it from government or academic sources. Go to the Table of Contents page and you'll see a subject list that goes from Agricultural & Forest Products to Trade Issues & Statistics. There's also a list of sites devoted to specific regions of the world and an alphabetical list of sites devoted to countries. You can find anything from a country's minimum wages to trade barriers; from market sizes for specific products to stock market information in developing countries.

NOTES... NEWS... NONSENSE

CONTROL PLUS HELPDESK NEWS **-- LISA ROSENTHAL, HELP DESK ANALYST**

Approximately one month ago, the Control Plus Helpdesk began offering e-mail support through CPHelpdesk@kurtsalmon.com to give both clients and KSA consultants a reliable alternative to telephone support at 404-898-7811. KSAers can easily find us through Outlook's Global Address List under "Control Plus Helpdesk." CPHelpdesk has been a great success so far, with nearly one hundred e-mails to date ranging from inquiries of varying complexity, attached database files and even thank-you's. All members of the Control Plus group have ready access to these e-mails, ensuring that no one's message will go unread between 8 a.m. and 5 p.m. Monday through Friday (EST).

HAPPY BIRTHDAY

Ignacio Felix	6/25
Vic Bhargava	6/28
Al Sambar	6/28
Jason Christos	7/1
Vanessa Andros	7/1



Jeff Broudreau

7/1/1985

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QUOTE OF THE WEEK:

**"I WOULD NEVER HAVE AMOUNTED TO ANYTHING
WERE IT NOT FOR ADVERSITY.
I WAS FORCED TO COME UP THE HARD WAY."**

-- J.C. PENNY (1875-1971)

PROJECT POSTCARDS

A PARTING SHOT FROM THE GUESS PROJECT TEAM

-- **BRAD TAYLOR AND THE GUESS PROJECT TEAM: BRIAN EHLENBERG, STEVE KNAPIK, JON MAYS, SCOTT SANGREY, BOB SMITH, AARON TODD, SCOTT VIFQUAIN, & CHRIS WILLIAMS**

After nearly 17 months, the Guess facility design and implementation project has finally come to an end. As the team looks forward to moving on to new projects, we would like to leave all of you with the one piece of information that everyone should know if ever asked about the Guess project: Aaron 'Hoover' Todd can eat a lot.



This succulent creation you see Aaron holding was made at Outlaws Saloon in Playa del Rey, CA. Yes, it is a hamburger, and it weighed approximately 3 pounds: 2 pounds of hamburger, ½ pound of link sausage, and ½ pound of bacon all on a Hawaiian loaf of bread. Aaron ate about three-quarters of it. Some may consider this a conquest. However the logical choice for Aaron, a true competitor, was to see if he could eat the whole thing, minus the sausage and bacon. A relatively easy task if you do the math.

So a few weeks later he tried again in front of a huge crowd made up of Guess, Manhattan Associates, Design Conveyor Systems, and of course KSA project team members. Everyone in Outlaws was rooting for him.

Despite all of the support and incentives, Aaron lost the battle that day – and lost his lunch. It is doubtful that Outlaws Saloon will want to see Aaron back anytime soon.

In spite of all the mayhem, the Guess project was a success. Going from facility design to a volume of 80,000 units per day in only 11 months was an experience we will never forget. Thanks to all of you who passed through Louisville to help us out.

Lastly, one piece of advice from Bob Smith for all of you who may be struggling through go-lives, designs or Base Plus projects: “If a project’s got you down – you must whip it... whip it good.”

**PLANT START-UP FOR ARAMARK IN SAN PEDRO, MEXICO
-- RODRIGO LOPEZ**

KSA is currently assisting Aramark Uniform Manufacturing in a new capacity development project to satisfy its demand in uniforms. The project started in late 1998 with the development of a Manufacturing Business Plan that defined the operational and financial parameters, and continued with Site Selection to assess options in different regions.

Once the pre-planning activities concluded, and a site had been finalized, on-site assistance started in mid 1999 to support the subsequent start-up activities. Our assistance included:

- personnel selection
- implementation of training programs for direct and indirect labor
- engineering of manufacturing processes and
- development of custom production controls

After 32 weeks, the plant is performing above initial projections with 160 operators at an average 40% efficiency. The quality of goods meets specifications, and the turnover has been excellent for the first year of an apparel plant at an annualized rate of 32%. Production projections were surpassed and the build-up continues toward its final goal of 300 operators.

KSA’s expertise on the field proved to be of great value to Aramark as potential problems were addressed ahead of time. Since there has been a considerable amount of variables since day one, we firmly believe that one of KSA’s greatest achievements, was training the management team to always be prepared for the next step. This will allow the new facility to cope with the launch of different styles in the future, in a structured manner and to continue to surpass business goals.

The project team includes **Sergio Cruz, Nort Eberly and Curt Clark** in pre-planning, and **Lisandro Sagastume, Jose Luis Gomez, Rodrigo Lopez and Ricardo Villeda** in the start-up activities.

KSA POSTCARDS

E-BUSINESS TASK FORCE UPDATE: B2B EXCHANGES

-- MIKE GREGORY

Over the last several weeks the e-Business Task Force has focused on preparing a presentation for a group of executives from our retail and manufacturing clients on B2B e-commerce. The one hour session last Thursday (6/8) provided an overview of internet trading exchanges, discussed the potential impact of B2B on the retail softgoods industry and walked through an exchange selection framework. To give you an idea of both the industry interest in this topic, as well as the strength of our KSA brand name - with about 3 weeks notice, the attendees included 27 senior executives ("C" level), representing 17 companies, with a combined \$75 billion in revenue!

Kathryn Cullen gave the presentation. Consultants who assisted in pulling together the presentation were **John Stiehler, Christian Watson, Ashley Skatoff, David Bassuk and Mike Gregory**. We are currently working on turning the one-hour presentation into a full-day session targeted to either retailers or manufacturers in the softgoods retail vertical supply chain. When it is complete we will be looking for opportunities to present this to our clients.

Dave Cole, Peter Brown, Glenn Hershey and Kathryn Cullen also led discussions and break-out groups before and after Kathryn's presentation. Those discussions centered on exchanges and the issues surrounding the new B2B opportunities.

Since exchanges are relatively new, we thought we'd provide a brief introduction. In later issues of the hotsheet we will provide a summary of some of the exchanges and the services they provide for our clients. For those interested, additional resources can be found on the intranet. Probably the most comprehensive resource is the "B2B Internet Report" by Morgan Stanley Dean Witter. It is located at: <http://web1/tools/knowledgeresour /industryinforma /it /ecommerce /b2b /morganstanleyb2 />.

What is a B2B exchange?

A B2B internet exchange is a website that can be used to provide information, facilitate transactions and enable collaboration between buyers and sellers. Over 75 exchanges have been formed in the retail softgoods industry in the last year.

The exchanges can take many different forms and go by many different names (portals, extranets, hubs) based on the content, context, partners, and affiliations.

What value do they provide for our clients?

Many of the vertical exchanges offer full supply chain services while others are focused on niche service offerings. Fashionchain.com for instance, envisions themselves as giving "supply chain visibility from concept to clearance." CloseOutNow, as the name suggests, offers an auction site for clearance merchandise.

Some of the vertical exchanges give retail clients the ability to shop on-line manufacturer catalogs, perform assortment planning, perform all PO and order management transactions, track the status

of an order, edit an open order and perform all AR/AP functions. For manufacturers, the vertical exchanges provide services for product development, manufacturing capacity utilization, trim and sundry tracking, PO and order management activities, and a full-range of bid/auction services. Most of the vertical exchanges still are developing the full-range of functionality that our clients will find useful.

There are also a number of horizontal exchanges that serve our clients in the softgoods industry and other industries. These include transportation exchanges, banking/credit exchanges, and MROs (Maintenance, Repairs and Operations such as spare parts and office supplies). One such transportation exchange is the National Transportation Exchange (nte.net). They claim to reduce the expense of LTL shipments (by 15-50%) and increase the revenue for carriers. A full truckload many times has room for additional pallets and NTE uses this space for contracting LTL shipments for their member shippers. Exchange member carriers dynamically post capacity available for contracting and they show the miles out of route they are willing to go to pick-up and deliver a shipment. The shipper tenders their freight with the price they want to pay along with the pick-up and delivery time requirements. A carrier contracts for the freight on-line. The LTL freight contracted through NTE is guaranteed to be a direct shipment that will be last-on, first-off with no additional handling. It arrives quicker at its destination, does not have to transit through an LTL terminal and NTE provides full on-line visibility from pick-up to delivery. NTE and the other transportation exchanges can provide immediate benefits to many of our clients. A full range of functionality is already available on some of these exchanges.

What's the Industry Impact?

By 2004, analysts estimate B2B e-commerce will range from a low of \$1.5 trillion (Goldman Sachs) to \$2.7 trillion (Forrester Research). This offers a set of tools and technology that will dwarf the B2C e-commerce pipeline.

KSA estimates that \$34 billion in costs can be saved in the softgoods vertical supply chain (approximately a \$380 billion industry sector) by using this technology.

What's KSA's Position?

It's obvious that KSA has a tremendous opportunity to leverage our retail and consumer products expertise to assist our clients implement this technology and help them capitalize on the new business tools.

The e-business task force has been charged to develop a vision for how KSA can best position our services to meet our client needs. We also are looking at how we roll those services into our existing organization. Over the next several weeks we are going to be developing vision and communication documents. After review by FST and CST leadership, we will be modifying the documents to present to the board. The next steps will be to make this vision a reality.

What can you do?

We need your input on e-commerce. Whether you have experience with B2C, B2B or traditional channels, your input is needed. Any ideas you have for improving KSA's services or expanding our services to meet our clients needs are welcomed. If you have clients that are already moving

into the B2B arena, please let us know about their experiences, challenges and plans. We also encourage you to provide any information you may have on any of the exchanges. Please contact me or send an e-mail to the e-business task force at e-businessT@kurtsalmon.com.

DIRECTOR'S DEPARTMENT

UPDATE ON RELOCATER OFFICE ASSIGNMENTS ...

-- TORRE CRUPIE

By now, every relocating consultant has discussed his or her preferences for the timing and location for settling with one of the regional directors. Some of the results of these conversations are that:

- There are several relocating consultants who will be settling in one of the offices in the near future, but probably 80% - 85% of have expressed a desire to continue relocating through the time that they will be participating in projects as on-site leads
- About 80% percent have a specific office location where they want to settle, with the balance either being open to a couple of offices or having no preference at all yet.
- It appears that about two-thirds of US-based relocating consultants are most interested in settling in either Princeton or Atlanta, with the balance split among Chicago, Los Angeles, and Miami
- Most of the Americas-based relocating consultants prefer to settle in Monterrey, with a few looking towards Miami.

As laid out at the conference, over the balance of June this feedback will be reviewed and evaluated in terms of regional balance, ability to maintain a good mix of experience and breadth of skill sets by region, and timing. At the end of the month, each regional director will get back in touch with each of the consultants they initially reviewed this with to make specific plans for them.

The plan may include a specific assignment to an office, or an assignment to an office for administrative purposes until a permanent assignment is made. In instances where this happens, it will be desirable to provide for exposure for the consultant to the office he or she is less familiar with, where this is feasible, especially if that is one of the smaller office locations or one that needs a better blend of skill sets.

As with the previous discussions between the regional directors and relocating consultants, these meetings should be looked upon as opportunities to follow up on relocation issues and other issues of interest.

INDUSTRY INSIGHTS

UPS INTRODUCES FIRST "CERTIFIED" SHIPPING SOLUTION FOR SAP USERS

(Business Wire, June 15, 2000)

UPS has rolled out the first certified shipping interface for the SAP^(TM) express shipping solution. Developed in coordination with SAPAG, UPS Enterprise Solutions for Release 4.6 allow users to track packages from within their SAP solutions and share tracking information throughout their enterprise.

The solution creates a seamless interface between the SAP Release 4.6 and UPS's online tracking function, allowing users to access online shipping information and services directly from their applications. Integration is fast and simple, utilizing an automated download directly from UPS, and is at no additional cost.

UPS Enterprise Solutions for SAP for Release 4.6, now available, have a real impact on a company's bottom line by helping to streamline and improve customer service, accounting and finance and transportation and logistics

For example, a company can now provide customers with accurate package status, time and location of arrival from within SAP solutions, or fax or print a proof of delivery statement at the touch of a key. Users can eliminate rekeying of information, repetitive dial-ups and calling back customers for their shipment status queries - giving them the ability to serve more customers, more efficiently and at lower cost. It can also help speed up the accounts receivables collection process and improve cash flow. Once an order is delivered, the accounts receivable department can instantly start the collection process.

NOTES... NEWS... NONSENSE

THE 12 WEALTH SECRETS

(Office Hours, June 8, 2000)

1. **WORK POSITIVE.** There are no money problems; there are only attitude problems. A go-getter with the proper attitude cannot be denied.
2. **FACE YOUR FEARS.** You always find the best fishing holes in the places where the average fisherman is afraid to go.
3. **WATCH THE CROWD.** Then go in the opposite direction.
4. **KNOW THE VALUE.** Until you know value, everything is worthless. As soon as you know value, everything is valuable.
ALL OPPORTUNITIES ARE DISGUISED AS PROBLEMS.
5. **PEOPLE WHO LIVE "THE GOLDEN RULE" GET THE GOLD.**
6. **MONEY IS ATTRACTED TO GREAT IDEAS.**
7. **YOU ARE YOUR WEALTH.** The money that flows to you is just a by-product of your non-financial resources.
8. **THERE IS NEVER ANY FAILURE, ONLY FEEDBACK.**
9. **A NETWORK SAVES LEGWORK.**
10. **ROUTINE BRINGS RESULTS.** A disorganized genius is no match for the average person with a daily routine.
11. **THERE ARE NO WEALTH SECRETS:** Common sense plus action equals power.

HAPPY BIRTHDAY

Neil Buck	6/20
Laura Giles	6/21
Millie Cruz	6/25
Don Williams	6/26



Jeffrey Sauls	6/19/1998
Steve Knapik	6/21/1993
Dan Bruce	6/23/1998
Nicole DiStasio	6/23/1997
Gabrielle Pyle	6/24/1985

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Fulfillment Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"ONE CAN NEVER CONSENT TO CREEP
WHEN ONE FEELS AN IMPULSE TO SOAR."

-- HELEN KELLER

PROJECT POSTCARDS

-- SHANNON PEACOCK

KSA TOOK ON UNIQUE ROLE AS GENERAL MANAGEMENT AT ARAMARK

In December of 1999, Aramark, a KSA client of many years, found themselves in a challenging situation. Without warning, a contractor informed Aramark Uniform Manufacturing that they were terminating operations in the contractor's three Mexican plants. These plants were producing critical uniform product lines not easily resourced. Immediately, Aramark made the decision to acquire the plants, then turned to KSA for assistance. They needed to take charge of the operations and bring organization and stability to the plants.

Curt Clark acted as the full-time, on-site general manager of what became two manufacturing facilities with over 700 employees. He led a full-time team that included **Max Duque, Shannon Peacock, Alberto Benavides, Sergio Hernandez**, and periodically received additional consulting assistance from **Josh Benton, Joni Burke, and Jose Ayala-Cantu**.

The project was unique due to KSA's assuming the role of general management. (We had responsibilities ranging from payroll being met to ensuring that production shipped.) Equally unique was the initial lack of a clear and timely information exchange system between the Mexico operation and its U.S. materials suppliers. This resulted in the shipment of multiple production lots with incomplete materials, which complicated work-order completion and occupied excess floor space.

At the end of the 12-week project, we had accomplished the following:

- Recruited a new plant manager
- Established production controls and reporting procedures
- Implemented a new organizational structure and payroll incentive
- Implemented new layouts in several departments to improve work flow and decrease throughput time
- Instructed trainers, supervisors, and production managers in an Advanced Analytical Method of Training course
- Established point-of-contact procedures and information exchange between Mexico and the U.S.
- Completed a physical inventory of all product and materials in both plants.
- Reengineered the material storage department and implemented a continuous inventory management system for all materials. (This system significantly increased visibility of raw materials, thus greatly facilitating the communication and quick response between the Mexico manufacturing operations and the materials warehouse in the U.S.)
- This project was a great opportunity to assist a key client in a critical situation. The team worked with synergy and the result was a client extremely satisfied with the organization and controls brought about in a very short period of time.

PLANTING THE SEEDS OF GROWTH

-- JOSE LUIS GOMEZ

KSA will start supporting a global seed producer in improving its operations worldwide. Seminis, a vegetable seeds producer, recently retained our services for an operations diagnostic project. The company is a result of the consolidation of well-known players in the seed industry, such as Asgrow and Petoseed, and has processing plants in North and Latin America, Europe and Asia. Seminis combines agricultural operations in the fields with high-tech processing that includes DNA testing for quality control. They are positioned among the top-three companies in the global market of vegetable seeds, with strong presence in some segments like tomato, where they hold 80% market share worldwide.

The project will start with an assessment of operations in two plants, a new facility in Oxnard, California, and a mature plant in Enkhuizen, in the outskirts of Amsterdam. The focus in the initial phase is to define and document operational best practices in seed processing, to be able to implement at the global level. The sale included efforts from **Jerry Armfield**, **Sergio Cruz**, **Lisandro Sagastume**, and **Jose L. Gomez**, based on an initial contact from **Rodrigo Lopez**.

We are very excited of this opportunity in a new industry, and we'll be sure to eat our veggies.

DIRECTOR'S DEPARTMENT

PROGRESS ON LOGISTICS / OPERATIONS INFORMATION TRANSFER

-- **TORRE CRUPIE**

As was discussed at the conference, we hope to build on the base of experiences from both the past Operations and Logistics practices, not only to increase the variety of our consultants' skills, but to create new services that cover the breadth of both areas.

To do so, we are actively seeking opportunities where we can:

- include consultants with Operations backgrounds in business development opportunities and project delivery in distribution settings,
- include consultants with Logistics backgrounds in business development opportunities and project delivery in manufacturing settings, and
- develop and deliver project plans that cover a wide band of supply chain activities with team members from both backgrounds

We are well underway in beginning the first of these steps with a number of Fulfillment consultants.

Josh Benton has been working on the eToys DC startup in Danville, Virginia, and **Joni Burke** has just joined the Nike Base Plus team. **Roberto Trevino** has agreed to help the Base Plus team at Consolidated Stores in Los Angeles with both their engineering activities and their language skills (Han Nguyen has been there since the start of the project), and **Max Duque** is doing the same at Ross Stores in Pennsylvania.

On the business development front, **Curt Clark** is visiting potential client Brylane next week with **Todd Barr** to discuss incentives in their DC. Also next week, **Alberto Pensado** will be visiting The Limited with Todd and **Bob Smith** to discuss a planning project for their internet returns process, and **Marcos Corminas** will be visiting Oshman's with **Randy Moore** and **Torre Crupie** to discuss help in evaluating their logistics strategy and DC operations.

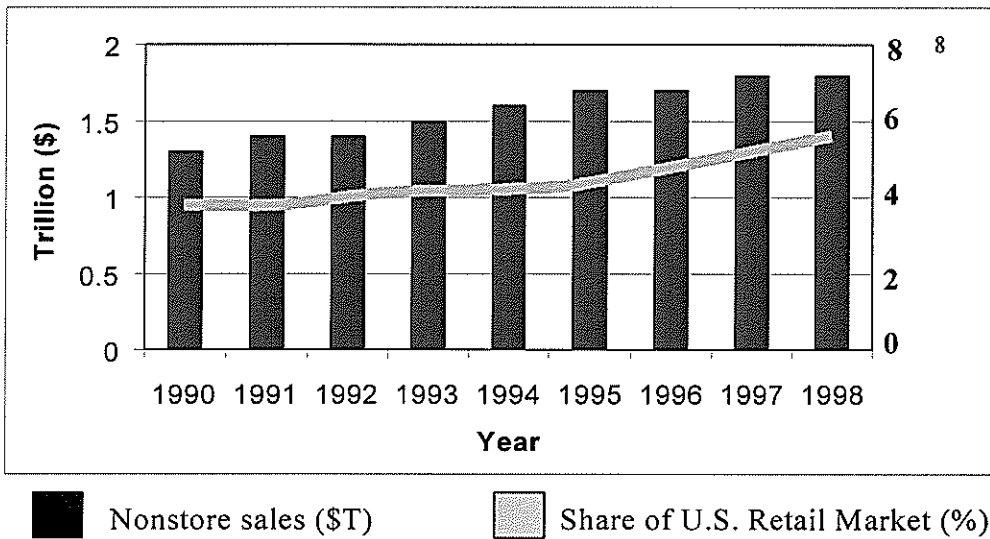
INDUSTRY INSIGHTS

BRICK-AND-MORTAR RETAILERS STILL STANDING

(Red Herring, July 2000)

Survey information below shows that even though the growth of E-commerce is remarkable, the bulk of retail sales still take place in the brick-and-mortar stores.

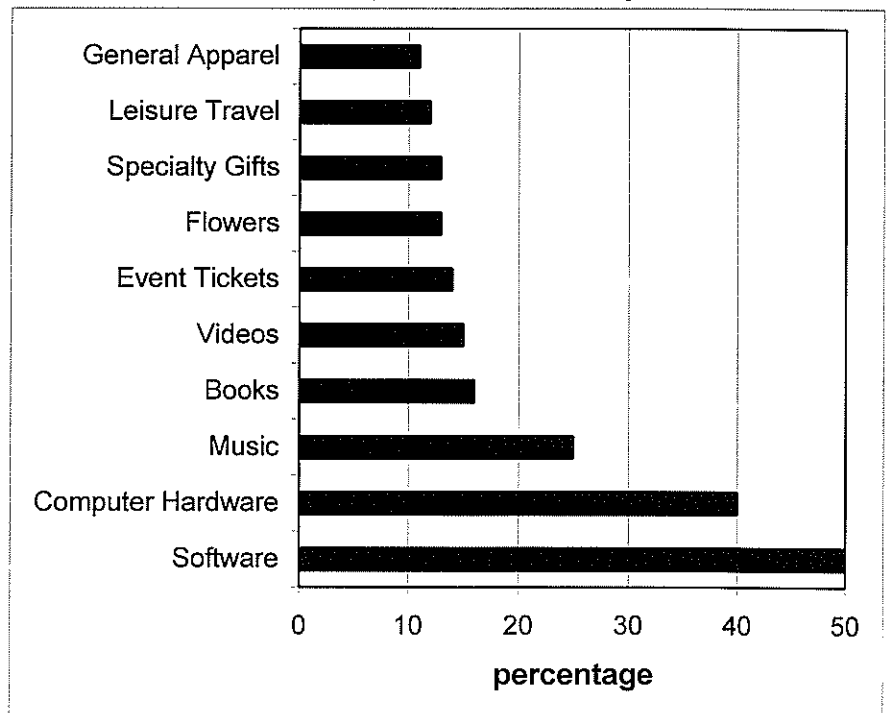
Traditional Retailers Dominate



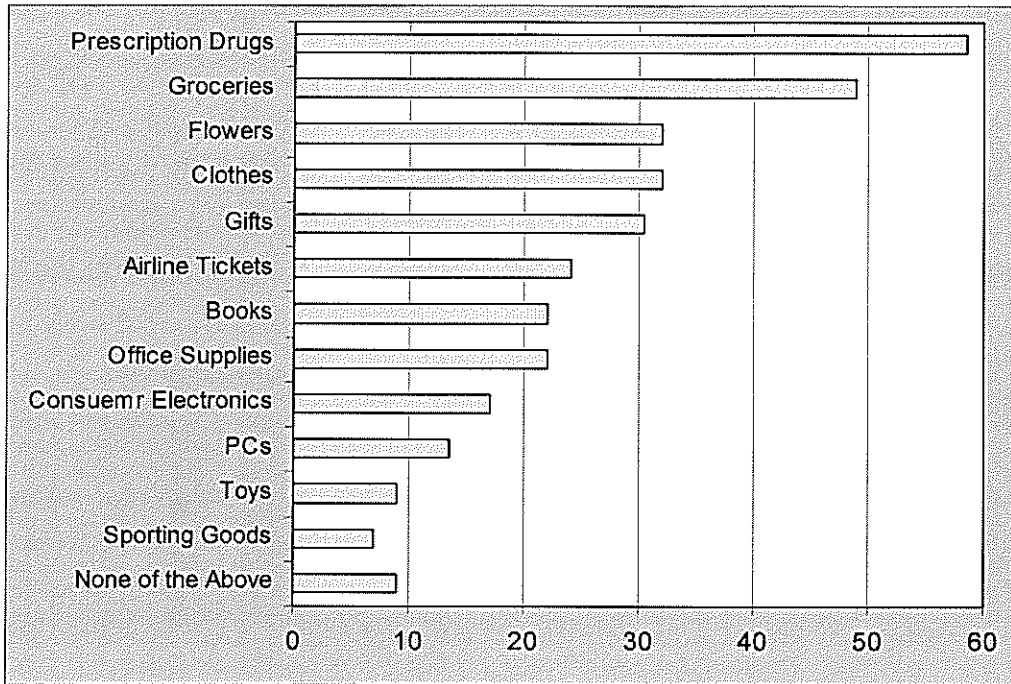
According to the U.S. Department of Commerce, nonstore sales (including catalog, TV, direct response, and Internet) grew from \$1.3 trillion in 1990 to \$1.8 trillion in 1998.

Percentage predicted of total U.S. sales, by category, that will happen online by 2004.

Top Online Categories

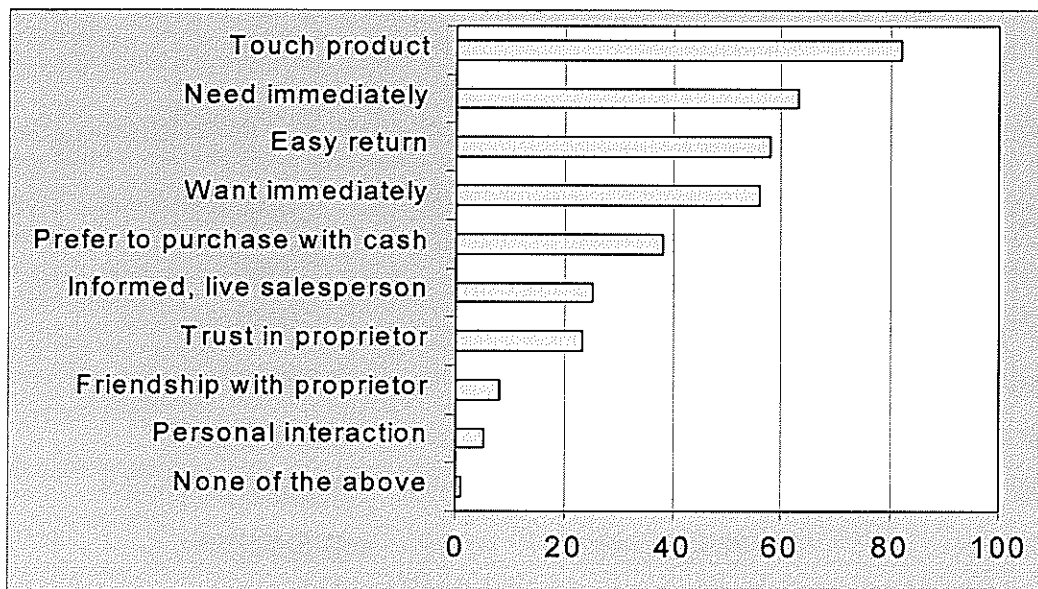


Demand for Same-Day Fulfillment



For which three product categories would same-day delivery be very valuable if it were offered for free? (% of customers surveyed)

Why Shop at a Local Merchant? (% of customers surveyed)



NOTES... NEWS... NONSENSE

NEWCOMER TO PRINCETON'S STAFF

-- SUZANNE JUDD

Please welcome **Anne Scola**, the new AA in Princeton who will be working with the Fulfillment Group. Anne is a graduate of the University of Southern Maine with a Bachelor of Science Degree in Business Administration, and comes to us with varied experience as an Administrative Assistant. She recently relocated from Portland, Maine to the Princeton area.

WHEN TANGLING WITH TAX TIME, REMEMBER LIFE BALANCE

-- SUSAN CONLEY, ACCOUNT EXECUTIVE, CERIDIAN PERFORMANCE PARTNERS

Callers with tax planning and tax preparation questions can receive free consultation via telephone with our affiliate tax specialists.

Common topics that callers ask about are:

- Past due taxes
- Requirements to file, how to file, and what forms to use
- Allowable deductions, exemptions and credits
- Capital Gains
- Deductibility of IRA contributions
- W-2 and W-4 forms
- Implications of transferring money
- Implications of divorce
- Amending previous returns
- Dealing with the IRS
- Planning for the rest of the year/next year
- Selecting a tax specialist in the caller's local area.

Financial Planning Assistance:

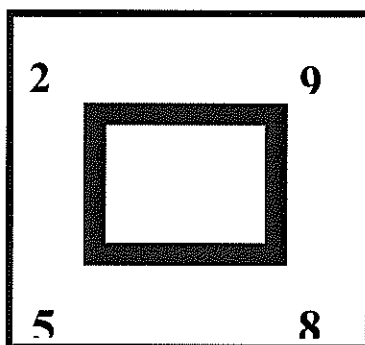
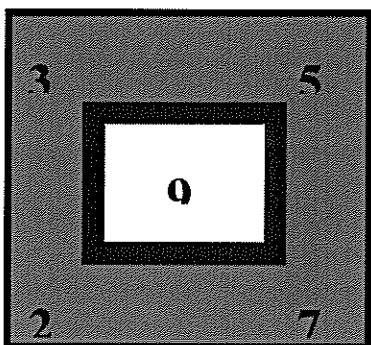
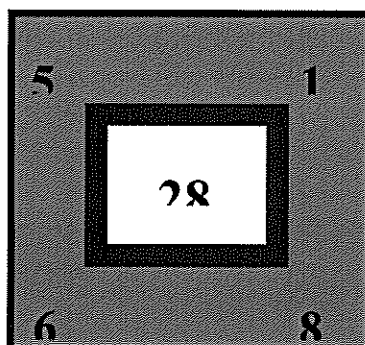
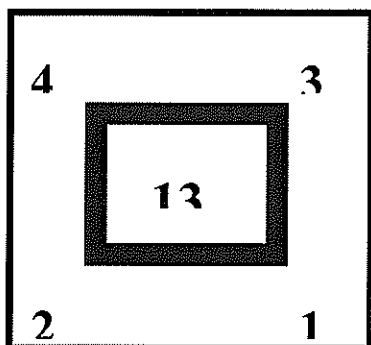
In addition to the assistance we offer for taxes, we have a team of consultants available to help employees and their families make informed financial decisions, develop strategies to make the most of your money, or select a financial planner. Find out more about issues like:

- Saving & investing strategies 401 (k) questions
- Money management Retirement planning
- Mortgage information Determine life insurance needs
- Dealing with credit cards

For further information on services available through LifeBalance you can also call your toll-free number anytime to inquire for yourself or your family. **888-300-0431**

REMARKABLE RIDDLES

What number should be placed in the final square?



(Answer at the very end of the HotSheet)

HAPPY BIRTHDAY

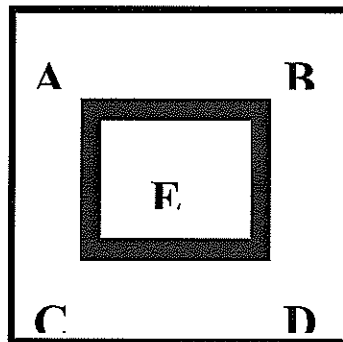
Robert Fulghum	6/14
Lynn Senior	6/15
Vikas Chinan	6/16
Brian Ehlenberg	6/17



Marian Crandall	6/13/1983
Jim Severyn	6/16/1980
Suzanne Dencker	6/17/1996
Enrique Morales	6/17/1996
Mark Messinger	6/17/1996
Todd Barr	6/18/1973

REMARKABLE RIDDLES

Answer: 47. The sequence is $(a + b) \times c - d = e$



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QUOTE OF THE WEEK:

"CREATIVITY CAN SOLVE ALMOST ANY PROBLEM.
THE CREATIVE ACT,
THE DEFEAT OF HABIT BY ORIGINALITY,
OVERCOMES EVERYTHING."

-- GEORGE LOIS,
ADVERTISING EXECUTIVE

CONSULTANT SPOTLIGHT

KIRK ZIEHM -- "IT'S GREAT TO BE BACK!"

Kirk Ziehm says that he has come back to his senses. He left KSA for a time, working at Kinko's in Los Angeles (not as a copy boy, however, he does list making copies as one of his professional skills), and has now rejoined KSA.

Kirk describes one of his most embarrassing moments as the first time he interviewed with KSA.

"I stayed at the Sheraton in Atlanta. Once I checked in, I went to dinner and locked myself out of my room. I picked up a new card key at the front desk. That night (about 1:00 am) I woke up parched, but the water in my room was lukewarm. So, I grabbed my room key and in my underwear I went across the hall to get ice. I tried to get back into my room, but the card key didn't work! I had grabbed the old card key and it had been deactivated! To add insult to injury, the courtesy phone in the hall near my room was ripped out of the wall. So, I went to the front desk, pushed my way through several late arrivers from the airport (there was an ice storm that night in Atlanta) and got another new card key amidst laughter and a few looks of disgust. Even with all of that, the interview went well."

Kirk grew up in Michigan, born in Pigeon. He attended the University of Michigan and La Univeridad de Sevilla, where he learned to speak Spanish fluently. He and his wife Holly have located to Chicago and are enjoying what the city has to offer. Kirk also enjoys surfing, although he admits Lake Michigan's waves are not the same as the Pacific's. He plans on taking up windsurfing as an alternative.

INDUSTRY INSIGHTS

VF CORP. LAUNCHES FIRST LARGE SCALE APPAREL INDUSTRY-SPECIFIC SAP SOLUTION (PRNewswire, May 31, 2000)

VF Corporation has successfully implemented the first phase of the SAP Apparel Footwear Solution (AFS) in its domestic jeanswear operation. The procurement, materials management, production planning and finance components of SAP went "live" on February 4, and marks the first successful large scale implementation of an apparel-specific SAP solution.

VF's common systems platform includes SAP as its ERP solution; Logility in sales planning and forecasting; i2 Technologies' Supply Chain Planning software in production planning; Gerber's WebPDM in product development; and new processes to improve its Retail Floor Space Management capabilities.

Recently, VF's Vanity Fair Intimates announced the kickoff of its common systems implementation project, which will include all common systems components. VF plans to extend SAP AFS to its other business as well.

WHAT BUYERS ARE SAYING ABOUT PALLETS

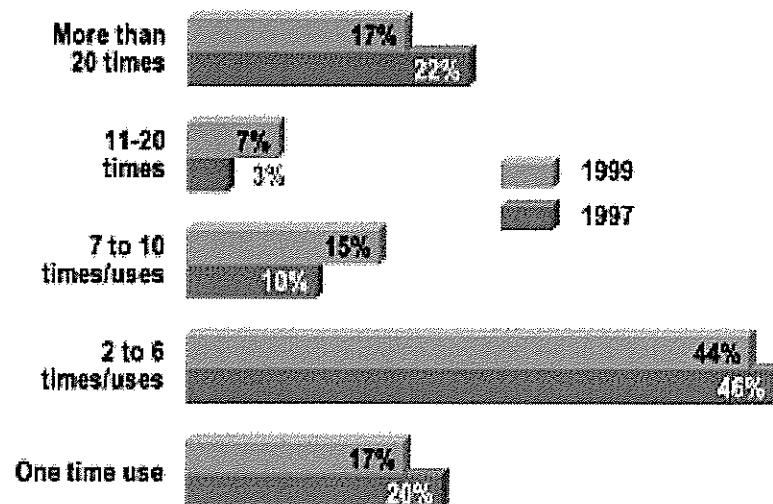
HIGHLIGHTS OF A NEW SURVEY SHOW THE LATEST IN PALLET SELECTION & USAGE

(Modern Materials Handling, May 2000)

Every two years, the National Wood Pallet and Container Association (NWPCA) and Modern Materials Handling survey industry leaders to gauge pallet usage. Pallets continue to be a central component for efficient materials handling.

The

Number of times pallets are used



Source: MMH/NWPCA Survey

and

The
next
time

survey covers a wide range of pallet products, including wood, plastic, cardboard and corrugated, metal, and wood composite. The report also considers the marketplace for new products as well as how existing pallets are used within facilities. Additionally, the survey looks at the growth of programs for reusing recycling pallets.

report suggests that "the 5 years will be a critical for the wood pallet

market." Purchases of new wood pallets are down slightly, as is the overall number of purchases for pallet products of all types. While purchases are currently down, the majority of respondents indicated that they plan to buy a greater number of pallets over the next 5 years.

All the details from Modern Materials Handling's survey are at: <http://www.manufacturing.net/magazine/mmh/>

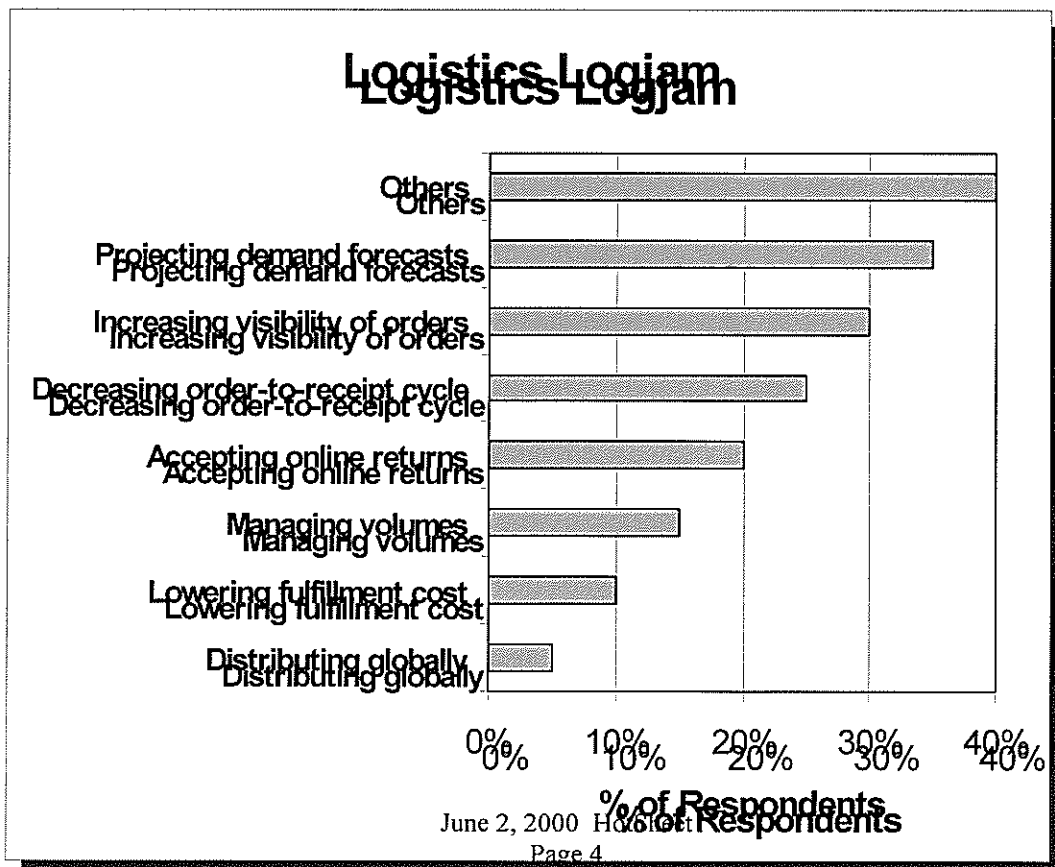
STORE LESS, STAGE MORE
(Manufacturing.net, May 2000)

Fven if you can't meet the new goal of zero inventory, trying to find ways to flow more materials and products rather than stashing them away, can help. Companies no longer have to have physical possession of their inventory to achieve the optimum balance that will maximize profitability. By creating a shift of inventory, products can be pushed upstream in the supply chain.

More on storage and handling of inventory at: <http://www.manufacturing.net/dc/184/052600n.htm>

LOGISTICS: THE NEXT STEP FOR ONLINE MARKETPLACES
(InformationWeek, May 29, 2000)

Forrester Research surveyed 40 companies, and asked them "What will your biggest fulfillment challenges be in 2001?" The chart below represents the results of the survey. (Note: multiple responses were allowed.)



VENDOR VITTLES

SERVICE TO AID E-CATALOG MANAGEMENT

SAQQARA SYSTEMS WILL LET MERCHANTS ROUTE CONTENT TO MULTIPLE ONLINE MARKETPLACES

(InformationWeek, May 22, 2000)

Saqqara Systems, Inc., an electronic-catalog management company, has introduced a catalog syndication service designed to ease the burden of selling products over the Internet by maintaining merchant catalogs and route product content to multiple online market-places. Available in July, it will automate delivery of custom content by translating data into the required technical formats and applying business rules that determine distinct pricing and product assortment for each trading exchange.

Catalog syndication is an enhancement to Saqqara's Cornerstone Program, a set of services aimed at helping suppliers to compete more effectively in online marketplaces. Other services include product content management, which helps build a standardized product data repository, and catalog hosting, which lets suppliers enhance product data with images and descriptive text on their own proprietary Web sites that they can link to marketplaces.

The Cornerstone Program services are priced individually. Product content management begins at \$20,000, a one-time fee. The syndication service starts at \$2,000/month and catalog hosting is an additional \$3,000/month.

Other stories on content management can be found through: <http://www.informationweek.com/787/content.htm>

TRAVEL TIPS

If you would like to learn about other countries, [CountryWatch.com](http://www.countrywatch.com) [<http://www.countrywatch.com/>](http://www.countrywatch.com/) is a good site to visit. This site will give you the latest information on countries of the world, including maps, vital statistics, breaking news stories, historical profiles, economic indicators, and weather. Basic information is free, but there is a subscription fee for more detailed reports.

NOTES... NEWS... NONSENSE

THIS IS IT!

(The Economics Press, Inc)

Did you ever hear the definition for procrastination? It is: getting ready to get ready. Many people can spend their lives getting ready to live their lives.

Here's some great advice from Alfred D. Souza: "For a long time it had seemed to me that life was about to begin — real life. But there was always some obstacle in the way, something to be

gotten through first, some unfinished business, time still to be served, or a debt to be paid. Then life would begin. At last it dawned on me that these obstacles were my life."

Congratulations

Felipe & Flavia Olivares had a baby boy, Wednesday, May 31, at 8:50 PM (Monterrey, Mx time).

Felipe Olivares, Jr. weighed 8 lbs. and is 20 inches long.

HAPPY BIRTHDAY

Frank Leggio	6/8
Greg Dugger	6/9
Troy Van Wormer	6/9



Brad Sampson	6/7/1999
J.D. Densmore	6/8/1998
Steve Osburn	6/8/1998

Note: If your Birthday/Anniversary information was not listed or is inaccurate, please contact the HotSheet publisher.

the HOT SHEET

vol 9 no 19

May 26 2000

Publisher: Laurie Crankshaw

Published by KSA Chicag

Editor: Suzanne Judd

Fulfillment Services Grou

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THERE ARE THREE THINGS WHICH ARE REAL:
GOD, HUMAN FOLLY, AND LAUGHTER.
THE FIRST TWO ARE BEYOND OUR COMPREHENSION,
SO WE MUST DO WHAT WE CAN WITH THE THIRD."

-- JOHN F. KENNEDY (1917-1963)

PROJECT POSTCARDS

TOTALLY EIGHTIES...ROSS STORES STYLE

-- SETH DAVIS

What do Mr. T, Ricardo Mantalban, Downtown Julie Brown, Kojak, Richard Dawson, Styx's *Mr. Roboto*, Dexy's Midnight Runners' *Come on Eileen* and Devo's *Whip It* all have in common? If you answered Bob Smith you would have been partially correct (if you missed the Fulfillment Conference, ask for the **Bob Smith's** karaoke version of *Whip it* complete with a *Dance Fever* routine!). The correct answer, however, would have been the Ross Stores East Coast Distribution Center Base Plus Project.

Alex P. Keaton (**Seth Davis**), Mr. Keaton (**Mark Messinger**) and Nick (**Barry Fiore** – "Hey, yo Malorie") along with **Randy Unger**, **Jim Severyn** and **Todd Barr** have been working to implement operational improvement and incentive programs to boost Ross' performance. The two million square foot facility operates with over 900 associates in more than thirty departments. Former KSAer, **Chris Paddock**, is now Manager of Engineering at Ross Stores and has been a tremendous client sponsor. The first standard was kicked off in the Flat Unit ID area, where in six short weeks the units per hour has increased from 278 to 330 (19%). During that standard, the Ross Stores Supervisors, Managers and Engineers had the opportunity to receive MOC training from **Jack Horst** and Randy Unger. This training has proven to be a powerful tool of understanding for the Supervisors that are in the midst of change in their areas. The team has been hard at work on the next standard, Flat Marking, which kicks off Tuesday.

We are also please to announce another KSAer has joined the group...**Max Duque**, from what used to be known as the Operations Group. Max brings his manufacturing background to the table to help integrate operations and logistics. We are glad to have his experience on the team.

New KSA Dad, Randy Unger, should be mentioned on another note. Randy is notorious for gracing casual conversation with brilliant, yet slightly absurd morsels of wisdom. While barbecuing at the Fiores' house, Barry's daughter, Auburn, found herself a bit too close to the grill. When the wind shifted she was enveloped in a cloud of smoke. Randy sat back to ponder the situation and casually proclaimed, "Mmmmm, there's nothing like a smoky baby." Brilliant, yet disturbing...should new mother, Kelly Unger be concerned?

While not eating, sleeping and drinking Base Plus the Totally Eighties Team has been taking in all of the culture that Carlisle, PA., has to offer. We put together a Top 5 list of great things to do in Carlisle (we shot for ten, but realized that it was a futile attempt).

1. Watching the 250th Annual Carlisle Parade that definitely had floats and people that were attendees of the First Annual Carlisle Parade.
2. Going to car trade shows where Mark is hoping to find some Dodge Stealth parts to replace the pieces that the dealership destroyed while "fixing" his car.
3. Listening to a radio station devoted solely to the thrills and chills of NASCAR racing.
4. Watching the Dunkin Donuts and Hardees customers come and go under the neon cookie sign inside Seth's Cookie Shop (yes, he lives in a cookie shop).
5. Homemade Egg Roll parties hosted by the Vietnamese associates to celebrate kick off.

INDUSTRY INSIGHTS

FORECASTING THE FUTURE

(Warehousing Magazine, May 2000)

While many companies have successfully charted demand forecasting in the past with minimal help from software, today's supply chain management software suites usually contain advanced demand forecasting components that can make the job easier and more accurate. Many enterprise resource planning (ERP) and advanced planning and scheduling (APS) packages routinely offer a demand forecasting feature.

There are several other ways to help accurately predict the needs of a warehouse. Follow this link to read more about the trends in forecasting: <http://www.warehousemag.com>

TOYSRUS.COM ADDS TWO DCs

(Warehousing Magazine, May 2000)

Toyrus.com announced they will open two new fulfillment centers. In addition to their Memphis, TN, facility, the firm will set up operations in Chambersburg, PA, and Mira Loma, CA, giving the company more than 1.9 million square feet of distribution and warehousing space.

The new facilities average about 730,000 sq. ft. and each building will employ an estimate 300 full-time employees, with plans to increase the workforce in each center to more than 800 seasonal workers during the peak holiday season.

VENDOR VITTLES

HOW E-TAILERS DELIVER WITHIN HOURS

(Fortune Magazine, May 29, 2000)

Loading trucks with the right stuff, even perishable produce, is only part of the delivery picture. Software must route drivers efficiently and cope with traffic jams.

Cheetah Software Systems supplies a fleet-dispatch and tracking package consisting of two parts. The first is a wireless Internet tracking program called Cheetah Tracking, which stores each day's orders on a Net server that delivery drivers can access by punching individual PINs into wireless data phones they carry in their vans. Each driver's handheld phone displays a list of the stops on the day's route. Clicking on the first stop brings up the address, the recipient's name, and a description of the item being delivered. The device also displays turn-by-turn driving directions for reaching each stop.

The drivers follow itineraries generated by a second chunk of software called ArcLogistics Route. Its task is akin to solving the age-old math exercise known as the traveling salesman problem: figuring out how to visit a bunch of cities while driving the fewest miles. Performing intelligent routing for delivery fleets consisting of dozens of vans making hundreds of stops makes the traveling salesman problem look like a walk in the park.

Fortune's article discusses in more depth how to better move the product once it leaves the warehouses, especially in light of grocery deliveries and 1 hour timeframes dot.com companies are offering. <http://www.fortune.com/fortune/imt/2000/05/29/imt.html>

RFID GETS THE GREEN LIGHT

RADIO FREQUENCY IDENTIFICATION TAGS GROW IN POPULARITY AS WAREHOUSES FIND NEW USES FOR THE TECHNOLOGY

(Warehousing Management, May 24, 2000)

With standard bar-code technology, warehouses are able to track when a container or pallet has entered the facility. However, these days, that's not enough, especially in larger facilities.

"If you have a distribution center that may be hundreds of thousands of square feet, knowing that the product is there is nice, but mainly people want to know where it is," says Tom Turner, vice president of WhereNet Corp., a provider of real time location systems. "We can tell you it's there, but we can also tell you exactly where it is. This really provides visibility through the supply chain, at multiple facilities, as well as the ability to know where things are in real time."

RFID technology can scan an entire area of pallet racks in about 30 seconds, rather than taking possibly 3 or 4 minutes to scan pallets individually. And the need to allocate space on the warehouse floor changes drastically with the use of RFID technology. RFID technology allows warehouses to store products almost anywhere, move it on a moment's notice, and find it quickly. Get the details at: <http://www.manufacturing.net/dc/183/051900o.htm>

RELOCATOR ROUND-UP: 5-26-00

Note: Please contact Laurie Crankshaw with corrections.

United States			
California	Ehlers, Barry Moosabhoy, Mufaddel Nguyen, Han Watschke, Jon	etoys Consolidated Stores Consolidated Stores eToys	Santa Monica Rancho Cucamonga Rancho Cucamonga Santa Monica
D.C. (Washington)	Vehar, Tammy	National Geographic	Washington
Florida	Kingsley, Jeff		Miami office
Georgia	Bao, Johnny Chang, Iris Chinan, Vikas Dencker, Suzanne Purefoy, Dan Smolensky, Arthur Soller, Todd Timerlake, Jajuan	Aramark Uniform Services Federated Federated	Atlanta Office Atlanta Office Lawrenceville Atlanta Office Atlanta Office Atlanta Office Atlanta Office Atlanta Atlanta
Idaho	Picken, Jeff	Coldwater Creek	Sand Point
Illinois	Bolduc, Patrick Leggio, Frank	Sears	Chicago Chicago Office
Kentucky	Edmonds, Lucy Ehlenberg, Brian Hescock, Steve Mays, Jon Taylor, Brad Todd, Aaron Ulicny, Dan	Ann Taylor Guess? Ann Taylor Guess? Guess? Guess? Global Sports	Louisville Louisville Louisville Louisville Louisville Louisville Louisville
Maryland	Allen, Peter Griffith, Brad	Lippincott Williams Wilkins Lippincott Williams Wilkins	Hagerstown Hagerstown
New Jersey	Digulla, Lori Dietz, Eric Eisa, Ashraf Thomas, Mark	Popular Club	Edison Princeton Office Princeton Office Princeton Office
North Carolina	Densmore, JD	PVH	Jonesville
Ohio	Anderson, Brad Levy, Val	Cornerstone Cornerstone	Cincinnati Cincinnati
Oregon	Brunson, Andrea	800.com	Portland
Pennsylvania	Davis, Seth Dugger, Greg Duque, Max Fiore, Barry Messinger, Mark Vanags, Scott	Ross Stores Bestform Ross Stores Ross Stores Ross Stores Bestform	Carlisle Johnson Carlisle Carlisle Carlisle Johnson
Tennessee	Christos, Jason Sampson, Brad	Hamilton Beach/Procter Silex Nike	Memphis Memphis
Texas	Dowd, Chris Johnson, Andy	Blockbuster Blockbuster	Dallas Dallas
Virginia	Benton, Josh Fong, Terrane Giles, Laura Herrin, Whitney Kellogg, Michael Morales, Enrique Olds, Shawn Raines, Joe Webster, Jack	etoys etoys etoys etoys etoys etoys etoys etoys etoys	Danville Danville Danville Danville Danville Danville Danville Danville Danville
Washington	Nadkarni, Kedar	Nordstrom Product Group	Seattle
West Virginia	Steele, Brenda	Coldwater Creek	Parkersburg
Wisconsin	McGraw, Colleen	JC Penny	Milwaukee

United Kingdom			
	Consultant	Project	Location
<i>England</i>	Copland, Tim Dayton, Britt Deaton, Ashley Osburn, Steve Sauls, Jeffrey	J. Sainsbury MFI	London England Office England Office England Office London

Canada			
	Consultant	Project	Location
<i>Quebec</i>	Burke, Joni Peacock, Shannon	Aerated Home Furnishings Aerated Home Furnishings	Montreal Montreal

Central America			
	Consultant	Project	Location
<i>Cortes</i>	Roriguez, Gustavo	Vanity Fair Intimates	San Pedro Sula, Honduras

Mexico			
	Consultant	Project	Location
<i>Aguascalientes</i>	Ayala, Jose Gerardo Trevino, Robert	Vianney Vianney	Aguascalientes Aguascalientes
<i>Coahuila</i>	Benavides, Alberto Lopez, Rodrigo Olivares, Felipe	Sun Apparel - Torreon Aramark - Torreon Aramark - Torreon	Torreon San Pedro de las Colonias San Pedro de las Colonias
<i>Jalisco</i>	Hernandez, Sergio	Vanity Fair Intimates	Lagos De Moreno
<i>Nuevo Leon</i>	Baltazar, Jesus	Timberland	Monterrey
<i>Zacatecas</i>	Martinez, Andres	Vanity Fair Intimates	Fresnillo
<i>Tamaulipas</i>	Felix, Ignacio	Vanity Fair Intimates	Reynosa

Japan			
	Consultant	Project	Location
<i>Tokyo</i>	Bruce, Daniell Roge, Bob Swensen, Ken		Tokyo Office Tokyo Office Tokyo Office

NOTES... NEWS... NONSENSE

HOW TO LIVE YOUR DASH

I read of a man who stood up to speak at the funeral of a friend.

He referred to the dates on the tombstone from the beginning to the end.

He noted that first came the date of birth and spoke the following date with tears,
But said what mattered most of all was the dash between those years.

For that dash represents all the time that they had spent alive on the earth.
And now only those who loved them know what that little line was worth.

For it matters not how much we own, the cars, the house, the cash -
What matters most is how we live and love -- how we spend our dash.

WORTH HER WEIGHT IN GOLD

(Adapted from The Economics Press, Inc.)

Have you seen the new US gold coin in circulation? The \$1 coin has a portrait of a Shoshoni woman. Much mystery surrounds her, including when she died, how old she was and even her name – it is either Sacajawea (Boat Launcher) or Sacagawea (Bird Woman).

It is known that from 1804 to 1806, she helped the Lewis and Clark expedition as an interpreter and negotiated trades for supplies. She was in her mid-teens and carried on her back her child, not yet two months old. As an expedition member, she did her share, finding food, identifying landmarks and connecting with the Shoshones from whom Lewis and Clark needed to obtain horses with which to cross the Rockies.

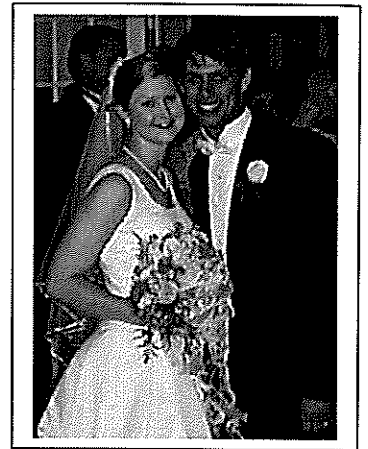
Historians also believe that her presence conveyed that the expedition wasn't a war party. But, some have suggested, perhaps her greatest contribution of all was that, as the lone woman in the group, she was the only one willing to ask for directions.

Congratulations

Jane and Keith Griesinger had a baby boy Wednesday, May 24 at 12:38 am. William Keith weighed 8 lbs. 15 oz and is 22" long.

Randy and Kelly Unger are the proud parents of a baby girl. Sophia Marie Unger was born on Monday, May 22nd at 5:37 a.m., weighing in at 7 Lbs., 14 oz.

Scott Vanags (KSA) and Kristen Eller were married this past Saturday, May 20th. The newlyweds are honeymooning in Hawaii this week. They plan to return to Atlanta where they will reside.



HAPPY BIRTHDAY

Marcos Cominas	5/30
John Karonis	6/1
J.D. Densmore	6/4
Lucv Edmonds	6/5

*HAPPY
ANNIVERSARY*



Arlene Ialacci	5/29/1991
Ashley Deaton	6/1/1994
Ashraf Eisa	6/2/1997

Note: If your Birthday/Anniversary information was not listed or is inaccurate. please contact the HotSheet publisher.

the HOT SHEET

vol. 9 no. 18

May 19 2000

Publisher: Laurie Crankshaw

Published by KSA Chicago

Editor: Suzanne Judd

Fulfillment Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THERE ARE 2 KINDS OF DC MANAGERS IN THE WORLD:

- 1) SUCCESSFUL ONES PLAN THEIR WORK, AND THEN WORK THEIR PLAN.
- 2) LOUSY ONES DON'T PLAN, BECAUSE THEIR PLANS DON'T WORK."

RICK SMITH
DIVISIONAL VP, LOGISTICS
KMART
SUBMITTED BY RANDY MOORE

CONFERENCE POSTCARD

-- BOB ROGE

The 1st annual Asia-Pacific U.S. Ex-Pat Fulfillment Services Consultants Conference (hereafter known as "APUSEPFSCC") was a huge success. No new faces were met, we didn't learn much, but we did have fun. On May 11, Lynn Spuhler, Karl Swensen, Dan Bruce and Bob Roge met in Tokyo for dinner and stimulating conversation. In true ex-pat style, we chose the least-Japanese venue that could be found, the Tokyo-American Club. Despite budgetary constraints, we were able to combine the best of both North American and Asia-Pacific conferences; as in N.A., little emphasis was placed on any actual "conferences," and as in A-P, there were no leisure activities. However both Dan and Bob did gaze briefly at Tokyo Disneyland on the train ride from Jusco.

Highlights from this years APUSEPFSCC conference:

- Lynn describing the difference between "transition" and "switch." Apparently, Joyce's successful move back to the U.S. was a "switch" rather than a "transition."
- Dan was assured that SOMEBODY besides Lynn will recognize him when he returns to the U.S. The fact that it will probably only be Greg Dugger was not comforting.
- No consultants entered a swimming pool/hot tub/sauna fully, partially or un-clothed.
- No reports of loft or balcony diving.
- The Mohan Award was not given since everyone woke up on time and in their own bed the next morning.

Dan has been commissioned to develop a model which will calculate the cost of 23 lost golf balls here in Japan; in Yen, that number can be best expressed using exponential notation. Seriously, it was great to hear from Lynn and through the Hotsheet that a good time was had by all last week. We may be half a world away, but the KSA spirit and value system lives on here in

May 19, 2000 HotSheet

Page 1

Japan. It may be fueled by Karaoke and Sake, but we've somehow managed to maintain the same level of camaraderie and commitment to the client that has come to define KSA. Our conferences do tend to be more civilized, however.

CONSULTANTS SPOTLIGHT

RICH BOLTON, NATIVE NEW ENGLANDER

Rich Bolton was born in Boston, Massachusetts. He attended Norwich University and graduated Magna Cum Laude in 1992 with a BA in History. He served in the Army for 4 years afterwards, working his way up to Captain. He gained work experience at Airborne Express as a supervisor and then as a Boston district manager for Waste Management.

Adverse to cold winter temps, Rich would rather spend his time anywhere warm in the winters, preferably fly-fishing. But he still has a liking for the Boston Bruins and enjoys ice hockey.

Some places of interest to him are Normandy Coast in France, where the people are nice, food is good and scenery is great. And locally in the United States, his favorite dining experience can be found at Mattie's Sail Loft in Marblehead, Massachusetts, where inexpensive seafood abounds.

If you haven't already met Rich, drop him a line and make him feel welcomed.

INDUSTRY INSIGHTS

JCPENNY BECOMES FIRST GENERAL MERCHANDISE RETAILER TO LAUNCH ON-LINE AUCTION SITE

(Stores Magazine, April 2000)

JCPenney is launching an on-line auction on the company's website, becoming what observers say will be the first general merchandise retailer to introduce an Internet auction component for consumers.

The auction site allows consumers to purchase overstock items and the retailer can expand its database since users have to register to bid.

Forecasters estimate that the popular on-line auction market will grow to \$19 billion by 2003, up from \$1.4 billion in 1998. Person-to-person (P2P) auctions put on-line bidding on the map, but there is expected to be a shift to business-to-consumer (B2C) auctions. B2C models will meet different needs than the P2P market; the former is a next evolution of the closeout sale of retail inventory and the latter is the updated version of a flea market of second-hand goods.

Auctions set the stage for dynamic pricing in the retail market. As consumers grow more comfortable with auctions, they move one step closer to a world in which prices change constantly to more effectively align with fluxes in supply and demand.

DO YOU HAVE WHAT IT TAKES TO BE LEAN?
(APICS, May 2000)

After years of discussion about lean manufacturing, it's clear many companies remain unable to successfully use this tool to achieve improvement. Lean manufacturing requires constant tweaking to avoid backsliding – or worse, “analysis paralysis.” It involves a great deal more than re-arranging equipment into a U-shape, enacting a pull system, and pushing inventory back onto suppliers. Some of the topics that must be addressed as part of lean manufacturing implementation include cross-functional teams, formal problem solving, line balance, continuous flow, customer/supplier relationships, reward and recognition, consistent performance, line-stop authority, defect prevention, and kanban signals.

It requires a steady hand, a good road map and a company-wide commitment to continuous improvement. Below are the five primary elements that form the foundation of lean manufacturing. For the complete article (which is only available in hard copy), e-mail Laurie Crankshaw @ lcran@kurtsalmon.com.

FIVE PRIMARY ELEMENTS OF LEAN MANUFACTURING				
Manufacturing Flow	Organization	Process Control	Metrics	Logistics
1. Product/quantity assessment 2. Process mapping 3. Routing analysis 4. Takt calculations 5. Workload balancing 6. Kanban sizing 7. Cell layout 8. Standard work 9. One-piece flow	1. Product-focused multidiscipline team 2. Cell manager development 3. Touch labor cross-training skill matrix 4. Training (lean awareness, continuous improvement) 5. Communication plan 6. Roles and responsibility	1. Total preventative maintenance 2. Poke Yoke 3. SMED 4. Graphical work instructions 5. Communication plan 6. Continuous improvement 7. Line stop 8. SPC 9. 5 S's	1. On-time delivery 2. Process lead time 3. Total cost 4. Quality yield 5. Inventory (turns) 6. Space utilization 7. Travel distance 8. Productivity	1. Forward plan 2. Mix model manufacturing 3. Level loading 4. Workable work 5. Kanban pull signals 6. ABC parts handling 7. Service cell agreements 8. Customer supplier alignment 9. Operational rules

6 WAYS LOGISTICS MANAGERS CAN FULFILL INTERNET ORDERS QUICKLY AND ACCURATELY
(Managing Logistics, May 2000)

Based on two new industry surveys: *B2C Internet Practices* (Deloitte & Touche) and ongoing e-business study from Hackett Benchmarking & Research, the following guidelines for carrying out a successful fulfillment strategy are highlighted below:

- 1) **Dedicated facilities.** Picking each versus full cartons or case packs is a challenge for many firms that are used to shipping full truckloads. This could be why the industry averages a 3.55-day turnaround from order to shipment for Web order fulfillment. In short, a good reason to consider dedicated e-fulfillment DCs. They can be designed as a pick-and-pack,

product zoned layout for selecting and shipping smaller sized orders.

Outsourcing Web fulfillment has become an alternative for some (table 1), yet, third party DCs are a more popular alternative for supplier and manufacturer organizations than for retailers.

- 2) **Software integration.** A DC facility must have its systems integrated with others in the fulfillment process. It's the failure to integrate that is keeping products from customers who have expectations now heightened by the speed of the Internet.

40% of the companies surveyed by Hackett have yet to integrate their supply chain systems with their e-business systems.

- 3) **Information sharing.** Systems integration leads to information sharing. Most companies provide information to their call centers, but not readily with their e-mail representatives.
- 4) **Streamlined order processing.** Information sharing also streamlines order processing. Only half of the firms have integrated Web orders into order processing and fulfillment systems. The rest manually enter orders into distribution/fulfillment, order processing/fulfillment or merchandising systems. (table 2)
- 5) **Shipping strategies.** Part of streamlining orders is delivering them in the most efficient manner, however 73% companies have not changed their traditional shipping methods and most require more than 3 days to complete product fulfillment.
- 6) **Full-time leadership.** Of course, none of the above can occur without strong leadership and a belief in the project. Many businesses have organized their e-business efforts halfheartedly, and on average only devoting 21% - one day a week - to e-business.

Outsourced Web Activities (table 1)

	<i>Total Sample</i>	<i>Retailers</i>	<i>Consumer Goods</i>
Returns handling	9%	9%	8%
International order fulfillment	10	9	12
Domestic order fulfillment	18	19	16

Web Integration Activities (table 2)

	<i>Total Sample</i>	<i><\$25M</i>	<i>\$25M-\$100M</i>	<i>\$101M-\$500M</i>	<i>\$501M-\$1B</i>	<i>>\$1B</i>
Manually enter into distribution/fulfillment system	19%	33%	19%	8%	17%	6%
Manually entered into processing/fulfillment system	41	44	55	42	42	31
Manually entered into merchandising system	5	4	--	4	17	--

NOTES...NEWS...NONSENSE

WHAT IT TAKES

-- AUTHOR UNKNOWN

It takes a little courage
And a little self-control
And some grim determination,
If you want to make the goal.

It takes a deal of striving,
And a firm and stern-set chin,
No matter what the battle,
If you really want to win.

There's no easy path to glory,
Those no rosy road to fame.
Life, however we may view it,
Is no simple parlor game;

But prizes call for fighting,
For endurance and for grit;
For a rugged disposition
And a don't-know-when-to-quit.

Congratulations

Gerson & Carolina Coto had their 2nd baby last week
Adrian Coto was born Monday, May 8th, 2000 at 10:45
EST, weighed 7lbs.5 oz., measured 19 1/2 inches."

HAPPY BIRTHDAY

Chris Dowd 5/26
Ron Quintos 5/26
Steven Lefkowitz 5/27

*HAPPY
ANNIVERSARY*

Dan Stonaker	5/22/1995
Scott Vifquain	5/22/1995
Lori Digulla	5/24/1999
John Champion	5/26/1973
Jose Gomez	5/26/1996

Congratulations on 35 years, Nort!

Nort Eberly	5/24/1965
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the HOT'SHEET

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Fulfillment Services Group

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QUOTE OF THE WEEK:

"GET A GOOD IDEA AND STAY WITH IT,
AND WORK IT UNTIL IT'S DONE AND DONE RIGHT."

-- WALT DISNEY

CONFERENCE POSTCARDS

-- Note from the Publisher

If your goals of a successful conference were the same as Lynn Spuhler's: 1) to learn something new 2) meet new faces and 3) have fun, then those goals were met. With the merging of two groups (formerly Logistics and Operations), there were many new faces to meet. Both groups learned where each of their strengths and weaknesses lie and how each group can compliment the other and overlap services.



Paying their dues, Al Sambar and Joe Raines.



Todd Soller, Mark Thomas, Steve Osburn, Sean Whitehouse, Ashraf Eisa (kneeling) meet Princess Leia.

Some highlights of the conference: Peter Brown metaphorically describing the mating habits of elephants...Al Sambar and Joe Raines dressed in their finest...Chris Merritt gladly handing over the "Mohan Award" to Eric Dietz...The best rendition of "Whip It Good" you're likely ever to hear...Shawn Olds losing 23 (but whose counting) golf balls...Having the best seat in the house for watching Epcot's fireworks...Bob Smith showing us how it is done...KSA's history with Blockbuster and the stringing of KSAers around the conference room...Shutting down Epcot...And then hospitality room...

Thanks to everyone for participating and making the Fulfillment Services Conference 2000 a successful event. I think we all came away with a feeling that mimics a quote by Peter Brown, "Clearly, the best of KSA is yet to come."

The Fulfillment Services Conference presentation (with the "chevron" graphic) is available on our intranet. Go to Webstage/intranet, then select CPD, Fulfillment, and Conference Presentation.

VENDOR VITTTLES

NEW-WEB-BASED CALL CENTER SIMULATION TECHNOLOGY (TMCnet.com, April 2000)

SIMUL8 Business Simulation Player is the first free, Web-based simulation player available. SIMUL8 Player makes the user's desktop Web browser run animated call center simulations and display performance measures for the simulated operation. These animation scenarios can be used to test out alternative ways to run a call center operation before investment or implementation of any proposed change. SIMUL8 Player is the same as the full feature SIMUL8 2000v6 except that it is Web-based, free, and cannot save or modify simulation files, except when specified by the originator of the simulation file.

"SIMUL8 Player is to simulation file sharing as Adobe Acrobat is to document file sharing. The user is able to open up and run a simulation file within their Web browser, much as they are able to open a fully formatted document with Acrobat," states SIMUL8 CEO, Mark Elder.

INDUSTRY INSIGHTS

MANHATTAN DEBUTS E-FULFILLNOW (Integrated Solutions, May 2000)

Manhattan Associates, a global supplier of warehouse and transportation management systems, debuts *e-fulfillnow*. The new program is a rapid deployment package that provides warehousing, logistics, and transportation management functionality to dot.com companies in as few as seven weeks. The package includes a pre-configured version of Manhattan's PkMS warehouse and transportation management software.

MEXICO MOVES TO BECOME TOP LATIN CAR MANUFACTURER (Los Angeles Times, Dateline: Mexico City, April 27, 2000)

Mexico enhanced its status as a global platform for automobile production – and as the hemisphere's most adventuresome free trader – by signing a trade accord with Brazil that will give its industry greater access to showrooms in Latin America's largest economy.

Although the deal initially calls for only 40,000 cars to be shipped each way, Mexican industry and government officials clearly hope it will lead to much higher volumes of vehicles and auto parts once a broader Mexico-Brazil trade pact is signed, perhaps later this year.

The deal is part of the ongoing globalization of auto production, a trend in which Mexico – which has no home-grown auto producers of its own – is playing a central role. In addition to the North American Free Trade Agreement it signed with the United States and Canada in 1993, Mexico will soon launch a free trade pact with the European Union. Mexico has bilateral free trade deals with six other Latin countries.

The announcement comes amid a continuing boom in Mexico's automobile production, fanned mainly by growing U.S. auto companies' investment here and the booming U.S. economy. U.S. and other foreign auto companies have invested up to \$ 2.5 billion a year here since NAFTA took effect, lowering tariffs and easing auto makers' access to cheap Mexican labor. The unusually healthy U.S. market, meanwhile, is the destination for 80% of all cars made here.

Some automakers have elected to use Mexico as their only production platform for new models. That's because lower costs can save an average of \$ 1,500 per vehicle compared to U.S. facilities.

FORRESTER RESEARCH PREDICTS THE IMMINENT DEMISE OF MOST DOT COM RETAILERS (*Forrester.com, April 2000*)

The combination of weak financials, increasing competitive pressures, and investor flight will drive most of today's Dot Com retailers out of business by 2001. According to a new report from Forrester Research, to survive in the online retail battleground, firms will need to redirect extravagant branding investments into three categories of hard assets, defined by scale, service, and speed.

Last year, enthusiasm about the increasingly mainstream Net population expanded online retail beyond early entrants selling books, music, computers, and travel. Dot Com entrepreneurs tapped eager investors for millions, planted flags in new categories from pets to perfume, and blew their budgets on marketing chatter. But, the tide is turning against Dot Coms, and consolidation will soon steamroll across the weak ones.

Forrester believes that consolidation will occur in three waves. First, firms selling commodity products that have been successful since the Net's early days -- such as books, software, and flowers -- will consolidate by the fall of 2000 amid slowing annual growth rates. Second, the plethora of merchants selling undifferentiated products at razor-thin margins -- including pet supplies, toys, and consumer electronics -- will collapse before marketing expenditures ramp up for the next holiday season. Finally, online merchants selling heavily branded, high-style products like apparel and furniture will remain stable until 2002.

To survive consolidation, online retailers must anchor themselves by building sustainable assets that will attain scale, service, and speed. Leaders will need to focus on hard assets that support high sales volumes and lower costs per transaction: a large, loyal customer base; in-house fulfillment capabilities; and a rock-solid internal organization. Online retailers must strike back at

brand confusion and product duplication by distinguishing themselves through customer service. Presence across multiple channels and platforms, exclusive manufacturer deals to carry specific products, and a range of delivery options will help to build lifetime relationships. Speed will keep retailers ahead of rivals, but it will also require a flexible business foundation. Retailers should adopt technologies and strategies that adjust to unforeseen competitive forays and customer demands.

Several leaders will prevail following the wave of retail consolidation. Brick-and-mortar retailers will regain their footing, leveraging assets like customer history, product selection, fulfillment, and strong manufacturer relationships. Catalog hybrids will also survive, given their large customer base, proprietary product lines, and solid fulfillment.

For the Report "The Demise of Dot Com Retailers," Forrester surveyed 50 leading retailers representing a mix of product categories and backgrounds. Eight-six percent of respondents identified growth as their No. 1 strategic priority in 2000, followed by improved site design, increased brand recognition, and raised customer satisfaction.

NOTES...NEWS...NONSENSE

LOOKING FOR AN APARTMENT? LIFE BALANCE CAN ASSIST -- LIFE BALANCE CONSULTANTS

LifeBalance offers many different services, one of which is apartment searching. Utilizing their services could free up some your valuable time. The consultants at LifeBalance share the following points as ways in which they can help you with your relocating needs:

- LifeBalance consultants & full-time professional researchers can help employees find apartments/apartment complex. If you call regarding apartment searches up to two months in advance you also receive the benefit of confirmed, matched referrals. This means LifeBalance has placed calls to confirm openings and also that the openings meet the your specifications (i.e. price range, amenities - on-site laundry, parking, pool, etc.).
- If for some reason our consultants are unable to identify options that meet the your specifications; we can offer referrals to apartment locating services. (Please note that for some locations such as Manhattan (and the boroughs of NY) and San Francisco you will be referred directly to apartment locating services for searches.)
- If you are beginning your search more than 2 months in advance we can still assist in their search. One thing we would do is to provide referrals to "locators." Locator agencies can help find apartment & complexes in a specified price range.
- In addition to the assistance available via our consultants and/or researchers we also have some tipsheets and materials focused on relocation in general, working with a realtor, landlord/tenant issues and the like. These materials can be sent upon request

- **How long do research requests take?** The time varies dependent upon the complexity of the search. Research requests can take up to 3-4 days (often they are completed much sooner than that). Information can either be faxed or mailed. If you request the material be mailed, delivery time would range from 7-10 days after the call was placed.
- **What if I need to find housing in a week turnaround time?** We do accept “emergency requests.” In these situations, clients requested will be completed in 24 hours and faxed.

LifeBalance can also provide information to help you:

- Learn more about their new community
- Identify child care and school options
- Make decisions when a move involves moving with, or away from, an older relative
- Help family adjust: before, during and after the move
- Take care of yourself during the stress of relocation
- Adjust to new situations at work

Call LifeBalance anytime....888-300-0431

MOTHERLY WORDS OF WISDOM

In honor of Mother’s Day (Sunday), Susan Heyboer O’Keefe, author of children’s books offers some advice to parents:

- If you can't be grateful for what your kids did today, be more grateful for all the things they could have done but didn't.
- What irritates you about your children is often something that irritates you about yourself.
- Practice eating a lemon without changing your expression, good practice for when your teen begins a conversation with, "Promise you won't get upset."
- Take heart, your revenge is coming: the day will come when the same advice your children now ignore is ignored by their children.

Congratulations

**Jeff Boudreau is the proud father of a baby boy!
James Dietrich Boudreau weighed in at 10 lbs.,
5 oz on May 5 at 4:39 am.
Jeff says, “Baby is happy. Mom looks beautiful.”**

HAPPY BIRTHDAY

Andrea Brunson	5/14
Andy Johnson	5/15
Steve Osburn	5/16
Felipe Olivares	5/17
Bill Cobb	5/18
Brad Sampson	5/18



Bob Roge	5/14/90
Whitney Herrin	5/18/98

the HOT SHEET

vol. 9 no. 16

April 28, 2000

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Published by KSA Chicago

Editor: Suzanne Judd

Fulfillment Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

SOME PEOPLE DREAM OF WORTHY ACCOMPLISHMENTS
WHILE OTHERS STAY AWAKE AND DO THEM.

-- ANONYMOUS

PROJECT POSTCARDS

WAL-MART TRIVIA CONTEST RESULTS FROM LAST WEEK

-- ASHRAF EISA, CAMERON GEIGER

WAL★MART *Always*
ALWAYS LOW PRICES

Congratulations to **Denise Trostle**, **Dawn Kale**, and **Butch Price** for correctly answering the Wal-Mart trivia question! They will be the proud new owners of a Wal-Mart matchbox car/truck (please don't be jealous).

The question: When & why did Wal-Mart replace the "—" (dash) with a "★" (star) in its name?

The answer: The "★" was a tribute to Sam Walton when he passed away in 1992.

INDUSTRY INSIGHTS

SWITCHING FROM ZONE TO MAN-TO-MAN PICKING

(*Warehousing Management*, April 2000)

While zone picking has long been a favorite method of picking in the warehouse, it does have its drawbacks, according to two warehousing academics. For that reason, John Bartholdi of Georgia Tech, and Don Eisenstein, of the University of Chicago, developed a new method of order picking a couple of years ago designed to eliminate the shortcomings of zone picking.

According to the two professors, zone picking – where pickers in a line fill a tote for a customer – leads to congestion and imbalances. Pickers must be synchronized, and the workers required wide aisles to allow them the room to work around each other. Too much congestion often leads to reduced pick rates and a less productive warehouse.

The solution, say Bartholdi and Eisenstein, is a method called the bucket brigade. Here, each picker along the pick line begins an order for a different customer. Beginning with the slowest picker in line and moving on to the fastest, the workers rotate positions with each tote: After finishing an order, the last picker moves to position number two; number two takes over for number one, and number one begins a new order.

The benefits of the bucket brigade include a quick learning curve involving very little training; increased pick rates of up to 20 percent; and little management intervention.

Drawbacks to the method are few, say its creators, but some do exist. For example, bucket brigade works so well because of teamwork. Therefore, monitoring individual performance is difficult to gauge. However, simply pulling someone off the line can usually even things out.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

(Adapted from Stores, April 2000)

CRM, simply stated, is a business strategy in which everyone in the retail enterprise is focused on the customer and all processes and systems are built with this concept in mind. The strategy involves the capture of customer data across multiple channels, consolidating all the data in a central database, analyzing it, distributing the results to the various customer touchpoints (or channels) and using the information when working with customers.

Advocates maintain that key customer-related metrics, such as rolling three-month profitability and share of wallet, can be dramatically improved by customer segmenting and targeting, as well as by customizing messages in a one-to-one approach across all points of contact.

If retailing has always been fundamentally about serving the customer, there remains the question of why CRM has suddenly moved to the center stage. It could be the speed and interactivity of the Internet, boundless customer choice, new competitive pressures and customers' ever-increasing expectations for service.

Patrick Fitzpatrick, principal at KSA, has yet to see a massive shift in the industry toward adopting CRM solutions. "Consultants have been talking about CRM as an opportunity to grow revenue and increase profits for two or three years now. But implementing CRM processes is an expensive and time consuming process. If a retailer has been building its database and has clean data, then it's possible to get a program like this up and running more quickly than the guy up the street who is still setting up a database." He warns, "Still, CRM is a much about cultural change as it is about systems change. Unless everyone is ready to put the customer at the center of every decision, it's going to be a very slow go – with minimal return on investment."

CRM has sweeping implications for retail company's organizational structure, processes and technology investments. It is likely to affect the data warehouse, web strategy, call center technology, business metrics, and integration framework. First critical step is to make sure that everyone from the CEO on down buys into CRM.

To read the complete article, link to <http://www.stores.org>

INCREASING FUEL COSTS HAMMER WAREHOUSES
(Warehousing Management, April 2000)

According to a survey produced by Warehousing Management, 84% of warehouse executive predict fuel costs will continue to rise over the next 6 months. 71% report that the increasing fuel charges have caused their vendors to hike prices. 81% say that profits will be impacted by higher fuel costs, which have risen to their highest levels in more than 10 years. Nearly two-thirds of respondents say profits will be trimmed by 5% or less. Another 29% expect profits to be down 10-20%. Only 3% say profits could decline more than 20%.

Some warehouses have not been able to pass increased fuel prices along to the customer because of long-term contracts they are currently holding.

The Energy Department predicts sharply higher gasoline prices this summer, even if oil producers agree to increase production. Global consumption is 2 million barrels a day greater than supply. Initial reports indicate that OPEC would raise production by 1.45 million barrels a day, which could cut about 10 cents off the price of a gallon of gasoline.

NOTES...NEWS...NONSENSE

BEST WISHES TO DIALLO!
-- RANDY MOORE

Diallo Tyson will be leaving KSA to embark on a new career in movie production. Diallo has decided to turn his hobby, writing and producing movies, into a business venture. He is starting a production company with a college friend. Currently they already have one completed script they are trying to sell, and three movie scripts and two TV series in development! As producer, Diallo will also be developing relationships with companies to generate product placement deals, establishing direct marketing efforts over the internet, and performing various 'on-the-set' duties.

We appreciate all of Diallo's contributions to KSA clients such as DFS, GT Interactive, and J. Crew. We wish Diallo the best in his new endeavor! We'll look forward to Diallo's successes coming to a theater near you soon!

RECRUITING UPDATE (THE BRAD'S HAVE IT)

-- JACK HORST

As we all pack our bags for Orlando, I'd like to introduce a few new faces you'll be seeing! Our campus recruiting effort this year resulted in 6 new consultants who will be joining us at various points throughout the summer. In addition, we have added 6 experienced hires since New Years, 4 of which will be joining us for the conference next week. Please make sure to reach out and welcome our newest additions:

Rich Bolton
Sean Singleton

Noam Paransky
Sean Whitehouse

Rich, Sean & Sean join us from various military backgrounds while Noam comes to us from a management position at McMaster-Carr. Rich has been working with **Jim Severyn & Vic Bhargava** on a facility design project for Foster Grant in Providence. Noam and the Sean's (sounds like a lounge act !!) will be starting next Monday .

Believe it or not, we've also hired another **Sean (Ryan)** who will be starting later this summer, bringing our total Sean population to 4 including **Shawn Olds**. While that seems high, the Sean's are still chasing the 5 Brad's in the group (**Jenkins, Taylor, Anderson, Sampson & Griffith**). Together, they would field quite a Baseball team and account for almost 9% of the total Logistics group population. Strangely, all the Seans/Shawns are ex-military while all the Brad's are campus hires. How's that for statistics !

See you in Orlando!!!!

IT'S OUT THERE

-- NOTES FROM THE PUBLISHER

The Hotsheet will now be housed on the intranet. The current issue will be on the KSA billboard (home page) at <http://webstage/intranet>. Older issues will be archived under Tools of the Trade/Logistics...that is, for now. Adjustments will be made to how/where the HotSheet will be located as we move through our internal adjustments. I will continue to forward your issue each Friday afternoon through e-mail.

Since e-mail distribution lists are being adjusted and other mail listing changes are being made, there may be an opportunity for some names to slip through. If you fail to receive a copy of the HotSheet, please forward me an e-mail.

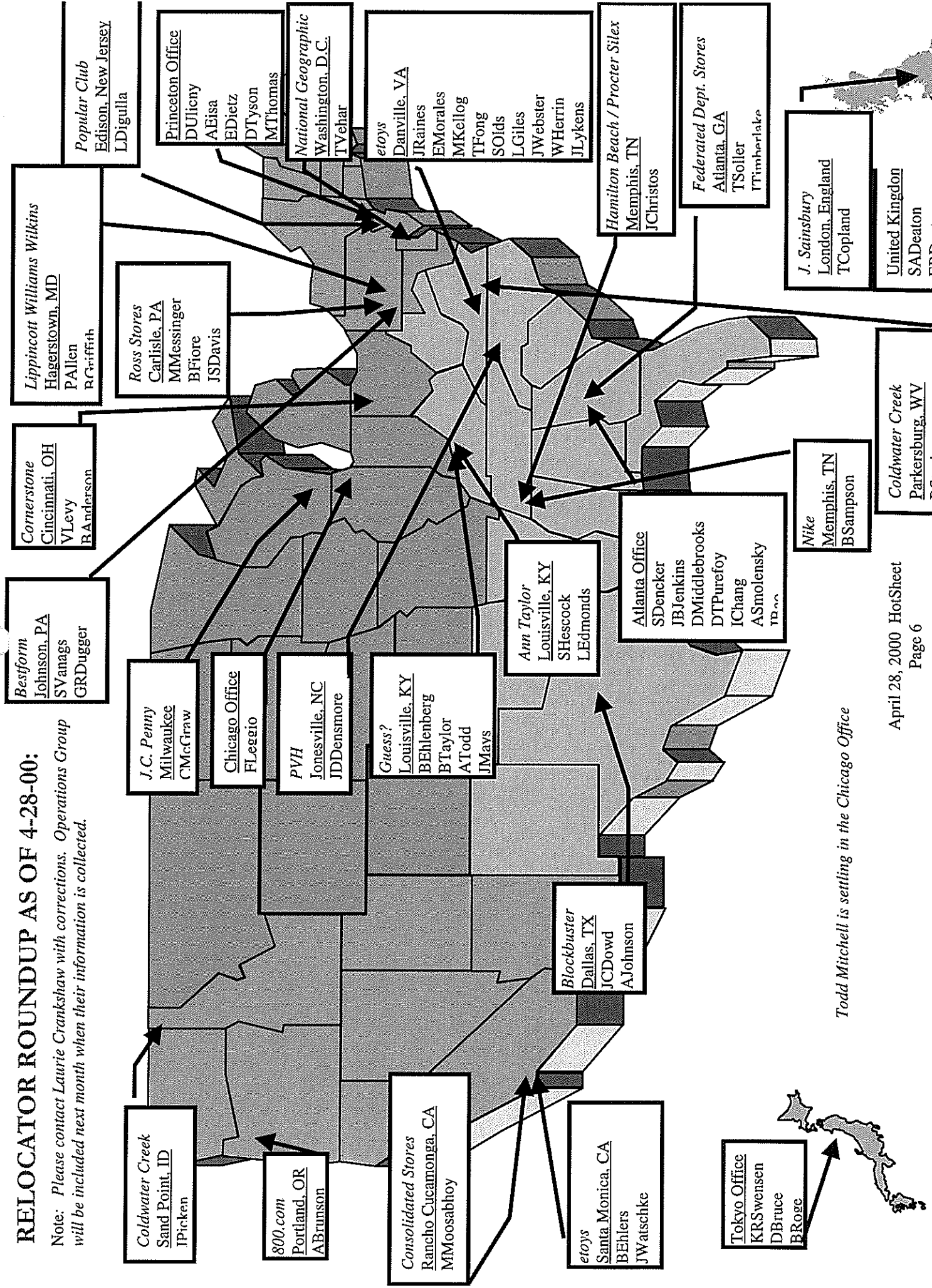
And a hearty hello to our new readers from the group formerly known as Operations. We look forward to hearing from you once in awhile (hint, hint).

REASONS WHY THE ENGLISH LANGUAGE IS HARD TO LEARN
-- LYNN SENIOR

- 1) The bandage was wound around the wound.
- 2) The farm was used to produce produce.
- 3) The dump was so full that it had to refuse more refuse.
- 4) We must polish the Polish furniture.
- 5) He could lead if he would get the lead out.
- 6) The soldier decided to desert his dessert in the desert.
- 7) Since there is no time like the present, he thought it was time to present the present.
- 8) A bass was painted on the head of the bass drum.
- 9) When shot at, the dove dove into the bushes.
- 10) I did not object to the object.
- 11) The insurance was invalid for the invalid.
- 12) There was a row among the oarsmen about how to row.
- 13) They were too close to the door to close it.
- 14) The buck does funny things when the does are present.
- 15) A seamstress and a sewer fell down into a sewer line.
- 16) To help with planting the farmer taught his sow to sow.
- 17) The wind was too strong to wind the sail.
- 18) After a number of injections my jaw got number.
- 19) Upon seeing the tear in the painting I shed a tear.
- 20) I had to subject the subject to a series of tests.
- 21) How can I intimate this to my most intimate friend?

RELOCATOR ROUNDUP AS OF 4-28-00:

Note: Please contact Laurie Crankshaw with corrections. Operations Group will be included next month when their information is collected.



Todd Mitchell is settling in the Chicago Office

HAPPY BIRTHDAY

Britt Dayton	5/1
Colleen McGraw	5/4
Randy Moore	5/9
Todd Mitchell	5/10
Jose Luis Gomez	5/10
Barbara Byrnes	5/12
Damon Shuman	5/13
Max Duque	5/13



Shawn Olds	5/4/1998
Jack Horst	5/4/1992

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Editor: Suzanne Judd

Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

BE CURIOUS ALWAYS!

FOR KNOWLEDGE WILL NOT ACQUIRE YOU; YOU MUST ACQUIRE IT."

-- SUDIE BLACK

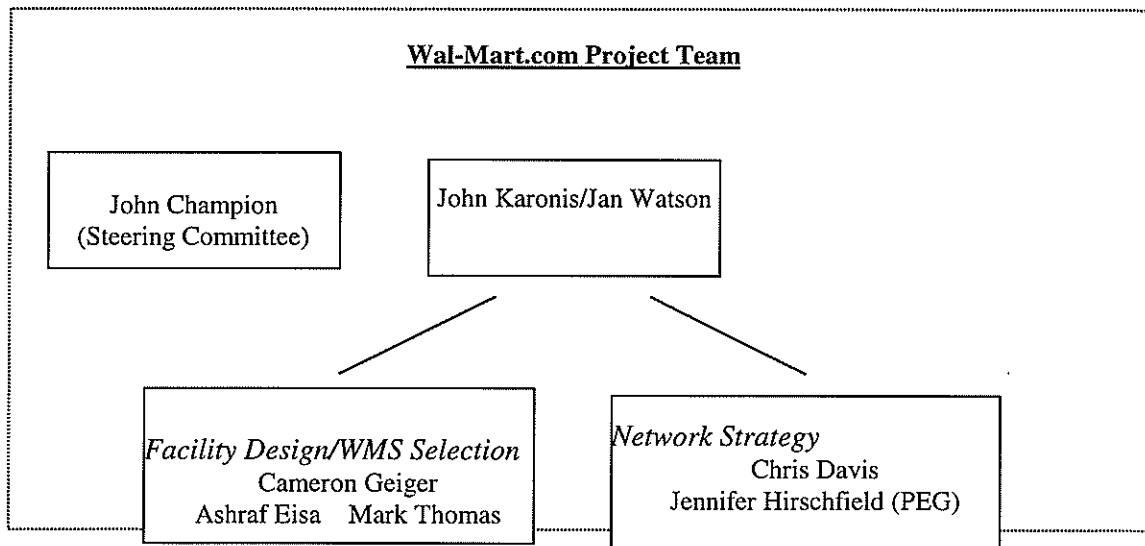
PROJECT POSTCARDS

WAL-MART

-- ASHRAF EISA, CAMERON GEIGER

WAL★MART *Always*
ALWAYS LOW PRICES

Everyone is aware of Wal-Mart's dominance in the retail industry, now they have their sight set on cyberspace. KSA is currently working with Wal-Mart & Wal-Mart.com on two e-commerce projects. The network strategy project is focusing on how Wal-Mart.com can leverage the existing retail infrastructure to support the e-commerce business. The facility design project will be designing an e-fulfillment center to be operational by August 2001.



Trying to get smart on Wal-Mart's distribution network has proved to be an exhausting and extremely entertaining experience. We have visited regional, returns, grocery and fashion DC's in addition to some store operations. After getting slap happy during late night drives across the

Oklahoma/Arkansas countryside, the team has determined the following:

- All bad odors or greasy food can be traced to a fat-rendering plant in Port Newark, NJ.
- If Arkansas didn't put their hotels on off-ramps, then we wouldn't have to drive the wrong way down the ramp to spend the night!

John Champion lays claim to the project's most quotable quote to date. During the proposal meeting, while discussing the tremendous opportunity for world domination that Wal-Mart possesses, John shared the following with the client:

"I salivate for you!"

Read On, YOU Could Win a Prize!

The people at Wal-Mart are truly their best asset and everyone we have met has been bright, motivated and friendly. After conducting a tour of an Arkansas regional DC, the general manager shared some history and we thought this would make a great trivia question.

The prize: a Wal-Mart truck replica (the Arkansas GM collected them and had almost every model year truck since 1978).

The question: When & why did Wal-Mart replace the "—" (dash) with a "★" (star) in its name?

Send in your answer to Ashraf or Cameron as soon as possible! The winner will be announced next week.

INDUSTRY INSIGHTS

The article below was an inset of another article: *Warehousing: Achieving Operational Excellence*. In this fast-changing business environment, integrating systems both within the warehouse and along the supply chain is the key to profitability. If you are interested in receiving a copy of this cover story, please email: lcran@kurtsalmon.com.

TEN TRENDS FOR WAREHOUSING SUCCESS (*Grocery Distribution, March/April, 2000*)

- 1) Focus on the customer.** Customer satisfaction will drive the other trends on this list. Successful firms will continue to talk to and listen to their customers. They understand that warehouses must add value – having and delivering the right product at the right time in the right form. Successful firms will develop true partnerships with suppliers and customers, benefiting from information sharing, joint planning and win-win agreements. Efficient, responsive warehouses will be the linchpins that hold these operations together.
- 2) Compression of operations and time.** Companies that pay scant attention to customer satisfaction will fail. Distribution centers will keep decreasing in number, but the individual

mass at each center will keep rising. Because of consolidation, there will be bigger distribution centers with more frequent shipments and more activity on receiving, putaway, picking and

shipping will place greater demands on material handling systems. This trend will affect fork trucks, conveyors and even carts.

- 3) **Continuous flow.** The focus will be on pulling product through the logistics system and avoiding huge inventories. Daily processing is fast becoming the standard. Information flow is accelerating to keep up with material flow. Online and real-time information systems are replacing batch systems. Warehousing may witness its greatest change in data flow during the information age.
- 4) **Crossdocking.** Distributors typically use crossdocking to fill a back order with received product before storing the product in the warehouse. The warehouse flags the pending inbound receipt for a back order. When the product arrives, the warehouse knows to go get the order and allocate product to the back order. Fewer warehouses handling more orders will transform most warehouse operations to predominately crossdocking practices in the 21st century. Collaboration and the ability to exchange information real-time will facilitate handling product in this manner.
- 5) **Electronic transactions.** Warehouse professionals consider tracking goods in and out of a warehouse – from receipt to putaway to order picking to shipping – the most critical function in their operations. But tracking poses the biggest obstacle to obtaining timely, accurate data because it requires the most non-value-added resources and remains the most error-prone process. Implementing a paperless warehouse can simplify the streamline tracking. Electronic data will increase tracking capabilities and reduce overall labor requirements and training. Electronic control systems can eliminate secondary data entry delays, update inventory and make product available when received. These systems can then allocate inventory to either pick locations or bulk storage locations immediately upon receipt confirmation. They can direct inventory location moves or forward pick location replenishment and inventory cycle counting by using wireless batch or radio frequency terminals, pick-to-light systems and/or totally automated picking units.
- 6) **Customize warehousing.** Customized services, which are redefining warehousing, include packaging, assembly or service enhancement to the products.
- 7) **Third-party warehousing.** So far, companies returning to their core competencies and others refusing to build more space to store peak inventory have driven the rise in third-party warehousing. But in the future, more and more small and medium companies will use third-party warehousing to leverage capital and increase service levels.
- 8) **The incredible shrinking order.** Many factors are shrinking order sizes and accelerating order frequency: better information availability, improved technology and vendor-managed inventory programs. Recent changes are only the first step in the information explosion coming in the next century.
- 9) **Automation.** Warehouses will need to increase automation, not add labor, to handle burgeoning work volumes. For example, more conveyors will be needed to move small totes and cases across long distances and to sort to the appropriate repacking station or loading dock.

More automated picking equipment will improve throughput capacity without building additional space.

10) The human factor. The rising prominence of automation means that workers must continue to enhance their technical skills dramatically, especially computer skills. Ultimately, however, the success of a warehouse or any other operation depends on its leaders. The model of success is the inspirational leader, who visualizes where the organization is going and knows how to lead the company there.

NOTES...NEWS...NONSENSE

CHICAGO OFFICE: GROWING BY LEAPS AND BOUNDS

-- Rich Dec/Laurie Crankshaw

“**B**uild it and they will come.” OK, so we didn’t exactly *build* an office in Chicago, but people are finding us. We have expanded (literally breaking doorways through the walls) to add more space to accommodate our newcomers.

This city of diversity is rubbing off onto our office as well. In the past month, we have added a CAD station and put **Ron Quintos** to work before we even knew how to print to our plotter. (Thanks, **Rick Wolfe**, for your assistance.) We have welcomed a newcomer, Rich Miskewicz, Director of Consumer Industries, who is committed to developing our Food and Package Goods division. Several relocators have passed through our doors, some of which include **Andrea "Intel" Brunson**, **Laura "One day, at band camp..." Giles**, **Colleen McGraw**, **Frank Leggio**, **Mufaddal Moosabhoj**, **Todd "Stumpy" Mitchell** and **Arshad Ashraf**.

Consultants **Rich Dec** and **Kirk Ziehm** have established residential headquarters in downtown Chicago. Rich has sold his vehicle and relies on public transportation while Kirk has been trying to sell his car (anybody want a Mercury Mystique with lots of miles on it??). **Neil Buck**, **Laurie Crankshaw**, and **Mike Swift** enjoy their northwest suburban homes and all of them seem to be occupied with home improvement projects.

The Chicago Office has also joined the ranks of fellow offices by adding a network. For those of you whom can relate to long download times and slow connection speeds, you can understand how excited we are to be networked. The office is grateful to the diligent efforts of Bud Porter, and Andre Toms, Terry Hight, Cullen McClure, Frank McMillan and Joanne Denny for bringing us “up to speed.”

Top Ten List

Top 10 things to know about life in the Chicago office, according to Rich Dec:

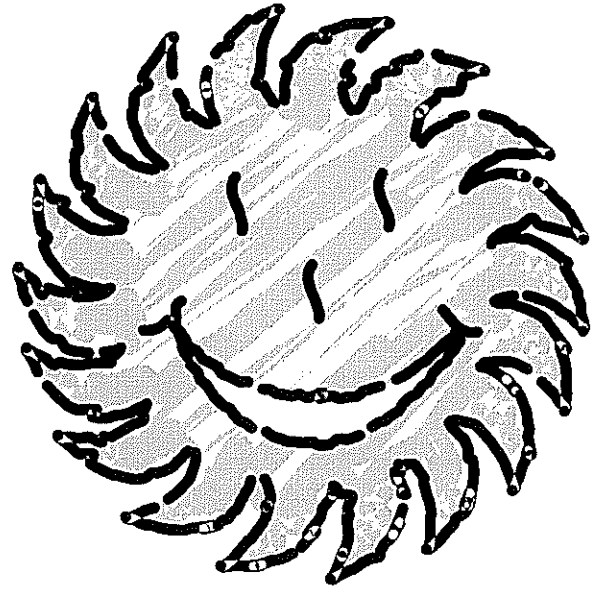
- 1) Laurie Crankshaw is to be obeyed at all times.
- 2) The "El" is a great place to meet people if you are single in Chicago (witness Andrea's socializing with one of Brittany Spear's band members and Rich Dec's collection of business cards).
- 3) The weather (although not Florida) is better than Boston's.
- 4) Home improvement projects can result in multiple physical ailments.
- 5) Michael Jordan is still “da man.”
- 6) The centroid for our collective residences will always be near an "El" stop.

7) We now have a network (see above).

- 8) Mike has started planning a world-wide customer boycott of United Airlines.
- 9) Chicago rules in the summer.
- 10) Visitors are welcome!

TRY SMILING

*When the weather suits you not,
Try smiling.
When the coffee isn't hot.
Try smiling.
When your neighbors don't do right,
Or your relatives all fight,
Sure 'tis hard, but then you might
Try smiling.
Doesn't change the things, of course –
Just smiling.
But it cannot make them worse —
Just smiling.
And it seems to help your case,
Brightens up a gloomy place,
Then it sort o' rests your face –
Just smiling.*



-- AUTHOR UNKNOWN

HAPPY BIRTHDAY

Mark Thomas	4/28
Jennifer Lykens	4/28
Craig Morin	4/28

the HOT SHEET

vol. 9 no. 13

April 7, 2000

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Editor: Suzanne Judd

Logistics Services Grou

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"A FRIEND IS A GIFT YOU GIVE YOURSELF."

-- ROBERT LOUIS STEVENSON

TOUGHASSIGNMENT.COM

-- AARON TODD

New Web Site

New CIO

New VP of Distribution

New DC

New WMS

New Stock Offering

New Employees

Amongst an enormous amount of change, the KSA-KY team has been extremely busy during go live and ramp up. Daily averages soared from 5,000 to 80,000 (70% projected volume) in the first four weeks! With KSA looking at the business future in LA and KSA aiding the distribution in KY, the future looked great. Then the project team was presented with new volume projections that showed 50% single year growth. Now the future looks even brighter for Guess?, and busier for the project team. A 16-week dynamic slotting initiative has been started to deal with the increased volume and SKU growth. By the Kentucky Derby (Conference weekend for those outside of KY), there will be new rack, new conveyor and new WMS modifications to meet the ever expanding needs of the client.

For dynamic resiliency in practice, contact any one of the following project members: **Bob Smith, Scott Vifquain, Brian Ehlenberg, Brad Taylor, Jon Mays**, or me.

CONSULTANT SPOTLIGHT

JACK WEBSTER: LOVES THAI FOOD

Jack recently joined KSA from the Marine Corps where he was an Infantry Officer.

Jack was born in Omaha, Nebraska, and attended the University of Puget Sound. He and his wife, Dana, have a daughter named Brooke.

Some of Jack's travels have taken him to Kuwait and Thailand. From his time spent in Thailand, Jack came away with a love for Thai food. His favorite restaurant can be found in Seattle, Washington, called Tup Tim Thai.

His favorite past times include scuba diving, running, watching the Seattle Supersonics, and listening to Eric Clapton. And if Jack could lead the life of leisure, you may find him in the Cayman Islands, scuba diving and drinking tropical beverages. But if KSA were to open an office in Hawaii, he'd live there in a heartbeat.

INDUSTRY INSIGHTS

CORNERSTONE RELEASES *EXTENDYOURSTORE* FOR MULTICHANNEL RETAILING (*Integrated Solutions, April 2000*)

Cornerstone Retail Solutions recently released *ExtendYourStore*, an integrated e-commerce software product. *ExtendYourStore* allows retailers to process and connect merchandising and marketing information that resides in different applications. "Development of the product was encouraged by the realization that multiple-channel shoppers are the most profitable," said Will King, Cornerstone's senior vice president.

ExtendYourStore enables an item purchased on the Web to be returned or picked up at a store and creating, viewing, and updating gift registry information. The product also gives customers the option to choose from point of sale, kiosk, and other in-store solutions.

ONLINE GROCER TAKES DIFFERENT APPROACH (*Informationweek, April 3, 2000*)

Webvan Group Inc., is tackling the logistical challenge of expanding its grocery-delivery service to 14 cities, with state-of-the-art distribution centers in each of those metropolitan areas. The click-and-mortar operation will be supported with a warehouse-management system from Optum Inc.

Webvan hopes the sophisticated setup will help it avoid the fate of the Web grocer Peapod, Inc.

Peadpod's distribution model is based on sending employees to local stores to gather items for delivery, whereas Webvan is investing in automated distribution centers.

The Optum package already in use in Webvan's Oakland, CA., facility will help the company manage the flow of activities at the distribution centers. Reland says Webvan chose Optum because of its ability to adapt to the configuration of Webvan's warehouse operations and integrate with other systems, including its custom materials-handling and order-management systems, PeopleSoft, Inc. accounting application, and transportation-management software from Descartes Systems Group.

Webvan's distribution model guarantees delivery of goods within 30 minutes of a specified time. But it's not cheap. Webvan reported a \$144.6 million loss on sales of \$13.3 million in 1999. A large part of its expense – between \$25 - \$35 million for each distribution center – is investment in fulfillment infrastructure.

The company expects its San Francisco Bay area operation to be profitable by October and its other distribution centers to be profitable within 15 months of operation. "Logistics technology is vital," says AMR Research analyst Chris Newton. "These companies aren't in the grocery business; their business is delivery."

NOTES...NEWS...NONSENSE

ANOTHER CHICAGO ADDITION

-- NEIL BUCK

The Chicago office is pleased to announce the latest addition to the Logistics team – **Ron Quintos**. Ron joined KSA on March 20th as our Logistics Analyst / CADD guru.

Ron is bringing a solid Logistics background to KSA. Prior to KSA, Ron was a Logistics Engineering Consultant with one of our local competitors where he was primarily responsible for AutoCAD design and drafting. Before this, Ron was a Field Services Project Coordinator with W. W. Grainger focusing on storefront projects, layouts and inventory. Ron received his undergraduate degree in Marketing with an emphasis on Channel Management & Logistics from Western Illinois University and currently working on his Architectural AutoCAD Certification.

Ron will be working in the Chicago office and focusing his efforts on establishing a Logistics reference library and providing graphics support for planning and design projects.

Ron and his wife Cathy are expecting their first child later in the year. In addition to preparing for the family expansion, Ron enjoys playing basketball, softball, and golf, if he can squeeze a round in. If you happen to be in Chicago or in the Princeton office for the Logistics' Orientation next week, take a couple minutes and introduce yourself to Ron!

DON YOUR MOUSE EARS; LOGISTICS CONFERENCE IS A MONTH AWAY

If you have not reserved your airline tickets to Orlando for the Logistics Conference, be sure to do so ASAP. Your schedule then needs to be forward to either Melissa McPhail (for Atlanta travelers) or to Dana Brock (for all other travelers). And there are still a few of you left who need to turn in your conference registration form to Melisa McPhail immediately, especially if you plan on golfing Friday afternoon.

Please plan on arriving Orlando between the hours of 2:00 – 6:00 pm. Laurie Crankshaw and Debi Hamrick will be available at the Airport near the Ground Transportation to guide you to our shuttle service. Once you reach the Contemporary Resort, follow the signs to check-in KSA's remote Guest Registration Team to receive your conference materials. Hotel check-in begins at 3:00 pm. If your plans have you arriving to the hotel earlier, take advantage of the opportunity to relax by the pool. Guest Services can hold your luggage until you check in.

Welcome Reception begins at 7:00 pm at the Resort Marina. See you soon!

WHAT DO YOU KNOW NOW THAT YOU WISH YOU KNEW WAY BACK THEN?

Hindsight is 20/20. But sometimes we can take a hint from others who have "been there."

1. Constantly set new goals.
2. Never settle!
3. It isn't enough to be forgiven; you have to learn to forgive yourself.
4. Take more pictures.
5. Treat others as you would like to be treated.
6. Something said in an instant can give you heartache for a lifetime.
7. Listen to your parents.
8. Forgiveness is not absolution.
9. Money is a lousy way of rating success.
10. Family is forever, whether you like it or not.
11. It takes a long time to build up trust and seconds to destroy it.
12. A simple "thank you" means more than you know.
13. A great teacher is something to treasure.
14. Accentuate the positive; eliminate the negative.
15. True love is indescribable.
16. Try to be more spontaneous. It adds variety to life.
17. Learn from the past but don't live there.
18. Work toward progress not perfection.
19. It's going to take time to become the person you want to be.
20. A sense of humor is a valuable asset.

HAPPY BIRTHDAY

Tammy Vehar	4/11
Rich Dec	4/16



Bruce Seeber	4/10/89
Jeff Picken	4/14/99
Greg Dugger	4/14/97

Note: If your Birthday/Anniversary information was not listed or is inaccurate, please contact the HotSheet publisher.

the HOT SHEET

vol. 9 no. 12

March 31, 2000

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Editor: Suzanne Judd

Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THE WORLD IS A LOOKING GLASS
AND GIVES BACK TO EVERY MAN THE REFLECTION OF
HIS OWN FACE."

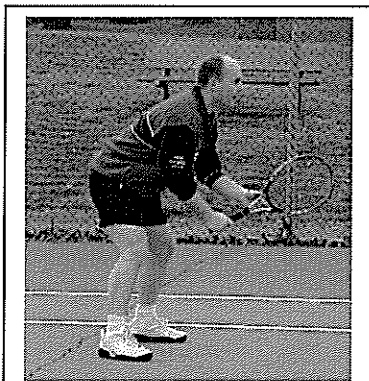
-- WILLIAM THACKERAY

PROJECT POSTCARDS

UPDATE: GAME, SET, MATCH

-- TERENCE FONG

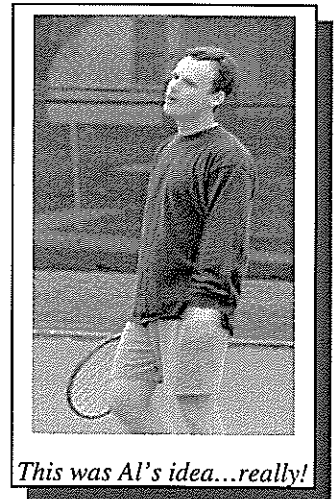
The air was filled with tension and anticipation. It was the match everyone in Danville had been waiting for – “Clash of the Titans.” After a few setbacks including scheduling conflicts, bad weather, and a last minute change of venue, on the evening of March 22, Al “Spartacus” Sambar and Joe “Robocop” Raines clashed tennis rackets with Enrique “Cheetah” Morales and Tony “Just call me Andre” DeMaria. The trash talking had started earlier in the day with Al declaring “I will go to the hotel victorious or to the hospital!”



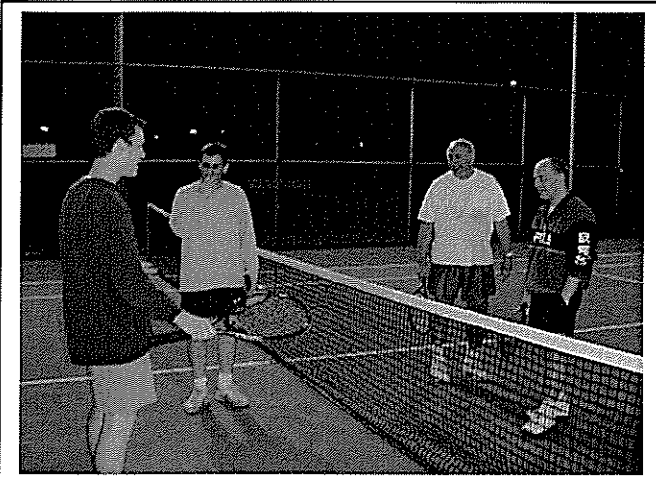
Mmmmm...Chicken wings

Out of the kindness of their hearts, Enrique and Tony spotted Joe and Al three games each set. The dark horse in the match was Joe “Alaskan National Champion” Raines. No one had ever seen Joe hit a tennis ball. During warm-ups, it became obvious that Joe resembled Pete Sampras more than he did Elmer Fudd.

Early on, it looked like Joe and Al would be quick work for the well-oiled machine of Tony and Enrique. Tony and Enrique won 5 games in a row while Joe and Al managed to score only 8 points during the stretch. Joe and Al looked defeated. The light banter had disappeared from them. The trash talking had stopped. The crowd (Marc Bessho, Laura Giles, Shawn Olds, Bill Cobb, and myself) tried to invigorate the underdogs. Unfortunately, Al and Joe succumbed to the powerful and crisp volleys of Enrique and Tony in the first set, 6 – 4.



This was Al's idea...really!



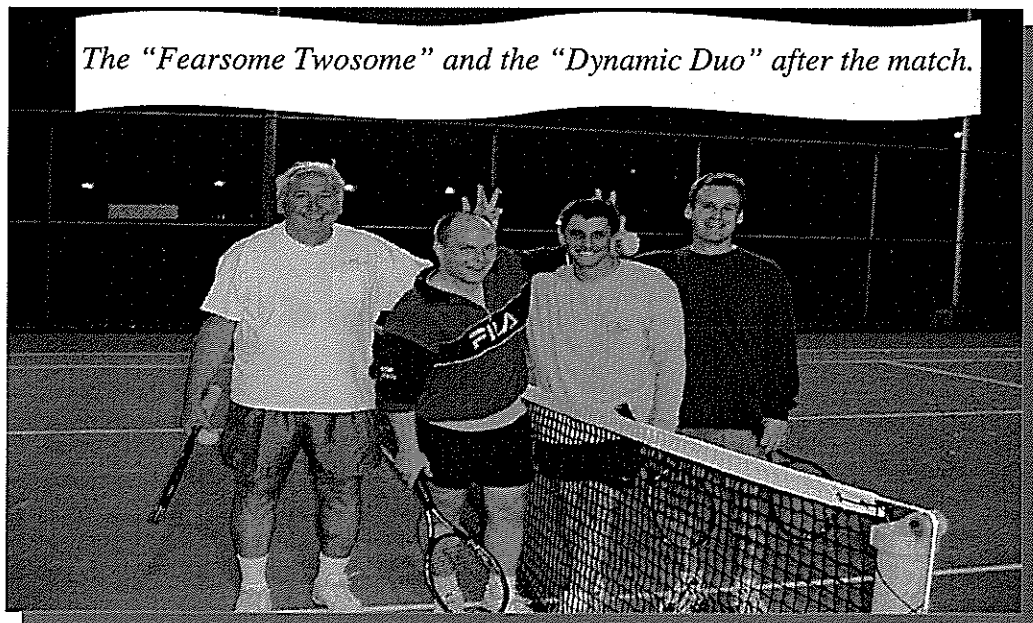
Let's just call it even....pleeeeeeeaaaaaassee!!!

With darkness beginning to set in, Laura Giles quickly raced to the light timer before anyone could back out of the match. After a couple of attempts, the lights sputtered on and we were back in business. The second set started out similar to the first with Enrique and Tony taking the first three games. Just when it seemed like Joe and Al were done, they roared back to life. Joe "I am a machine" Raines found his serve and began blowing serve after serve by Tony and Enrique. The "Dynamic Duo" managed to steal the second set, 7 – 5.

With the match tied, Joe entreated Enrique and Tony to call the match even. But "John Elway" scoffed at the idea of surrendering and the match continued to the chagrin of Joe "I'm just a bystander" Raines. Tony and Enrique decided to switch strategies for the third set. It proved to be an effective one – hit the ball at "Spartacus." With the "Fearsome Twosome" of Tony and Enrique leading 5 – 3, Enrique, playing the devil's advocate proposed an enticing offer to Joe. Quit now and only Al will be punished at the Logistics Conference. The fans urged him to take the deal, but Joe "Team Player" Raines would not let Al face his fate alone.

At match point, Enrique offered Joe one last chance, but he would not abandon his fearless leader and teammate. But it was not to be, as the "Fearsome Twosome" of Enrique "I finally won" Morales and Tony "Just call me Andre" DeMaria defeated the "Dynamic Duo" of Joe "How'd I get into this" Raines and Al "Where's my cell phone" Sambar in three sets 6 – 4, 5 – 7, 6 – 3.

Be on the lookout for these guys down in Orlando at the Logistics Conference!



The "Fearsome Twosome" and the "Dynamic Duo" after the match.

NOTES...NEWS...NONSENSE

**STAND OUT IN A CROWD: CONTINUE YOUR LOGISTICS EDUCATION
(*INBOUND LOGISTICS, FEBRUARY, 2000*)**

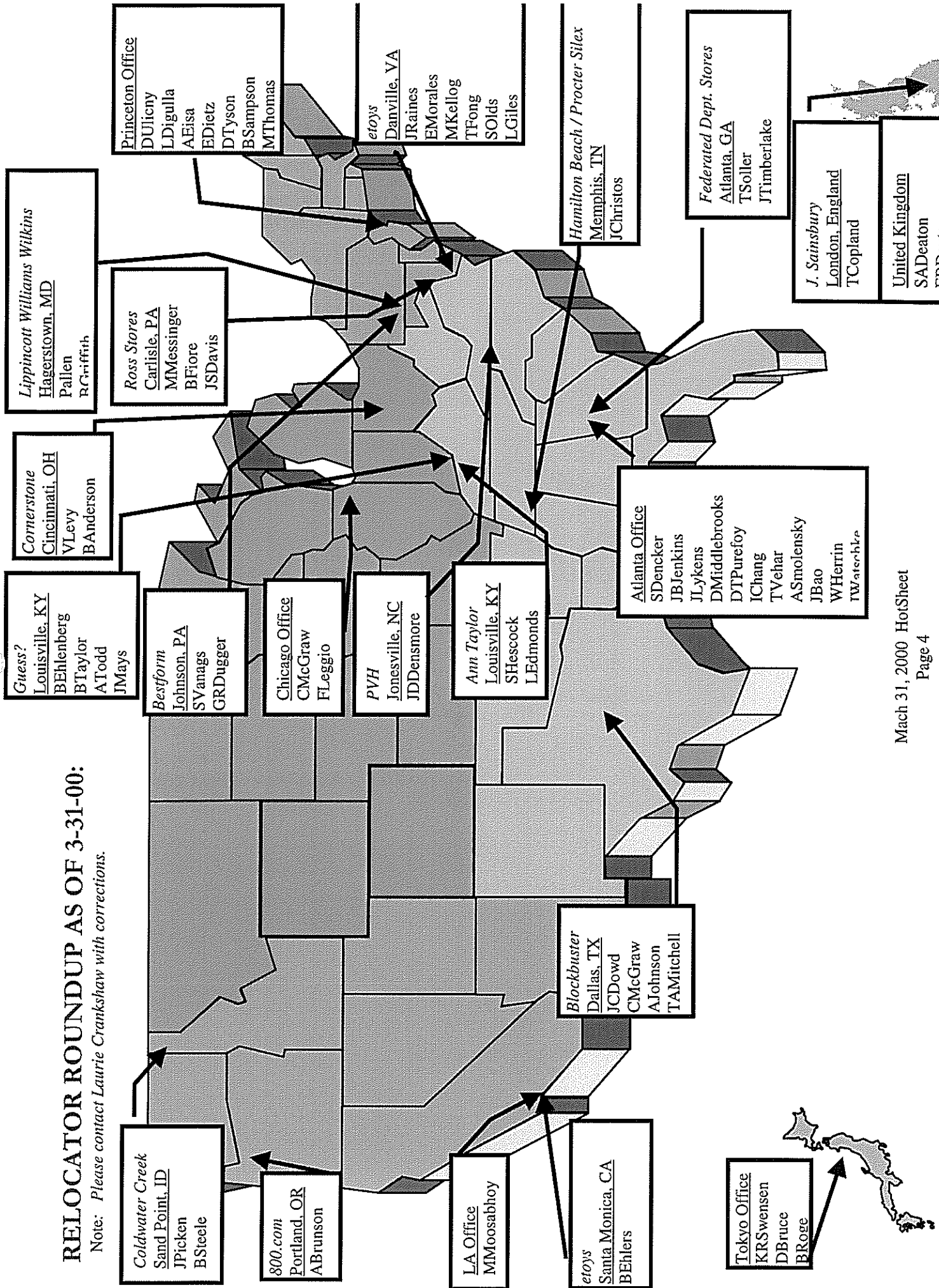
Mark E. Richards, professional development chair for the Council of Logistics Management says, "Never stop learning. Functional excellence isn't enough." In addition to developing functional capabilities, managers should also systematically develop core skills, including leadership, communications, and people management.

Technology developments are driving much of the change, but they are only part of the equation. "Five years ago, we had barely started talking about supply chain management or third-party logistics," says John Mentzer, first vice president of the Council of Logistics Management. "We are also just beginning to talk about global logistics."

Investing in your professional development today will pay you back with career success tomorrow. If you think you are too busy to take the time for professional development, think again. Look in *Inbound Logistics'* February issue for the article or e-mail lcran@kurtsalmon.com for a copy that shows you how to keep up with the latest industry trends, discusses which is the better choice: MBA or a masters in logistics, and suggested workshops/executive programs (for example: "Keeping Score: Measuring the Business Value of Logistics in the Supply Chain").

RELOCATOR ROUNDUP AS OF 3-31-00:

Note: Please contact Laurie Crankshaw with corrections.



HAPPY BIRTHDAY

Marc Bessho

4/4



Michael Barnes

4/3/95

Sharon Gavron

4/5/93

Rick Wolfe

4/6/81

Barbara Byrnes

4/8/85

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QUOTE OF THE WEEK:

"THE MAIN INGREDIENT OF STARDOM IS THE REST OF THE TEAM."

-- JOHN WOODEN,
COACHED TEAMS TO MORE NCAA BASKETBALL
CHAMPIONSHIPS THAN ANY COACH IN HISTORY

CONSULTANT SPOTLIGHT

ERICH DIETZ, HAVING FUN AND CHASING THE SUN

Erich joined KSA in November, 1999, after working for firms that were much smaller than KSA. One firm was located on Long Island, NY, the other in Fort Lee, NJ. As Erich puts it, he wanted to join something global, yet be able to raise his hand in a global class and actually get called on, and not be lost in the shuffle. Erich's background is more weighted toward the strategy and design phases of logistics projects, such as establishing quantities and locations of clients' DC's than creating a detailed layout and specifications.

Erich was born in Smithtown, NY. He attended Rutgers School of Engineering where he perfected his golfing game to reach a Handicap of 18. Erich's biggest regret is that he lost focus on who he was, and what he wanted out of life for about 1-1/2 years after graduating college. Now, he is focused and keeps himself occupied with traveling, outdoor sports, and weightlifting. His favorite activities are playing soccer, skiing, keeping up with the NY Rangers, and some days -- golf (depending on how his handicap is faring).

One of Erich's most memorable vacations was while surfing in Hawaii on a densely populated Waikiki Beach. He was annihilated by a wave and lost his shorts. Lucky for him, his ever-helpful cousins were on hand to grab them and run off.

Erich's ideal place to live would be San Francisco. It's a place where you can lie on the beach in the morning and by mid-afternoon be in the middle of some of the most beautiful mountains in the world. If Erich had all the time in the world, he would spend it traveling and chasing the sun.

Favorite Restaurant: Clydes, in New Brunswick, NJ. They have incredible menus (martini & dinner) and a great little atmosphere.

Favorite Band: Big Wreck

Favorite Quote: "Life, above all, should be fun."

INDUSTRY INSIGHTS

ON-LINE LOGISTICS EXCHANGE

-- CAMERON GEIGER

From The AMR Research Alert on Supply Chain Management for March 20, 2000:

F Six of the largest U.S. carriers have agreed to form Transplace.com. An online logistics exchange, Transplace.com will focus initially on truckload, refrigerated, and intermodal transportation. J.B. Hunt Transport Services, M.S. Carriers, Swift Transportation, US Xpress Enterprises, Werner Enterprises, and Covenant Transport will, as part of the exchange, merge their logistics business units together. J.B. Hunt's Jun-Sheng Li will become president and CEO of the new venture.

The exchange comes as no surprise. It was inevitable that transportation providers would attempt to slow the momentum of independent logistics exchanges by providing private exchanges of their own. One unique and positive aspect of Transplace.com is that the member companies will also use it to consolidate the purchasing of goods and services like fuel, spare parts, and insurance.

For those of you working on design projects...see article below. If anyone uses this, please let all of us know how it went in a future HotSheet.

-- KARL SWENSEN

TRANSLATING CAD / CAM

(BUSINESS WEEK, MARCH 20, 2000)

Transferring computer-aided design (CAD) files from one breed of CAD system to another, or to a factory's computer-aided manufacturing (CAM) system, can be a pain. Typically, the design's digital spec must first be converted into a so-called neutral format, such as IGES or STEP, and then into the software language of the destination system. This often produces errors that require manual correction. To end the hassle, Translation Technologies, Inc., in Spokane, WA, says it is developing automatic translators that speak most CAD and CAM languages fluently. Send a CAD file via the Net, and TTI's Acc-u-Tans system can spit out a conversion within 24 hours – and if desired, make it available on a secure Web site. Check out www.translationtech.com.

ONLINE CUSTOMER SERVICE GETS PERSONAL (INBOUND LOGISTICS, FEBRUARY, 2000)

In the flurry to create dot.com successes, one crucial element was overlooked: personalized customer service. But some dot.coms are striving to give their web sites the personal touch by hosting 24-7 live chats, responding to customer e-mails individually, and making customer service representatives available to talk to customers by phone.

Jerry Welch, chairman and CEO of RightStart.com approaches web site customer service with 24-7 commitment and says that shopping online should be no different from shopping in a store. "Whenever the store is open, some one should be available to answer questions and provide customer service." The decision to implement live online customer chats was driven by a statistic on e-commerce that indicated "two-thirds of online shoppers abandon a purchase at the point of checkout." At RightStart.com, it was expected that the chats would address technical questions about the e-commerce transaction, but 90% of the questions are about the products.

The concept of developing, implementing, and staffing live customer chats is more daunting than most businesses care to attempt, which is how netCustomer.com has become successful in supporting e-commerce sites with 24-7, Internet based customer service. NetCustomer.com charges are transaction-based, so even the smallest dot.com company can afford 24-7 service.

One of the biggest benefits of personalized customer service is the insight a company gains into its customer base. And it is a unique opportunity to build and nurture customer relationships. Jeff Johnson, netCustomer.com's director of client services, predicts companies that traditionally viewed customer service as a cost center will soon recognize the enormous revenue opportunities, which currently go unnoticed. Bottom line is – the more you engage a customer, the more you sell.

NOTES...NEWS...NONSENSE

"NETIQUETTE" - TIPS FOR COMPOSING BUSINESS EMAIL

-- PAM BECKERMAN

Interactive (email) message delivery is quickly becoming the standard for business to business communication. While email messaging is much less formal than regular mail, in D.A. Smith-Hemphill's book "CyberAssisant", she lists 11 rules of "**Netiquette**" when composing business emails:


1. Use the standard salutation you would use in any written business communication. Business is business, and you'll want to use the same formality you would with any communication sent on company stationary.
2. Always fill in the subject box on an e-mail message. It lets people know the importance and focus of your message.

3. Only mark those messages urgent that are truly urgent.
4. Set your spell checker to automatically check the message before it is sent.
5. Don't overdo the exclamation points!!!!!!
6. Don't leave the CAPS LOCK key on. THIS IS INTERPRETED AS SCREAMING AT THE READER.
7. Don't use "smileys" - punctuation drawings that express emotion - in business correspondence :-)
8. Add a response line to your messages to let the reader know if you require a response in a certain time frame. If no response is necessary, say so (NRN).
9. Don't create unnecessary traffic. Keep your messages focused and brief.
10. Respond to e-mail promptly, even just to say that you'll give a full response later.
11. Respond like for like. If someone calls you and you e-mail a response, it might appear as if you didn't want to talk to the person. Unless you need to reply with a complicated document, return a phone call with a phone call.

HAPPY BIRTHDAY

Rick Wolfe

3/27



the HOT SHEET

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March 17, 2000

Publisher: Laurie Crankshaw

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QUOTE OF THE WEEK:

"THERE ARE GOOD SHIPS,
AND THERE ARE WOOD SHIPS,
THERE ARE SHIPS THAT SAIL THE SEA,
BUT THE BEST SHIPS
ARE FRIENDSHIPS
AND MAY THEY ALWAYS BE.."

-- AN IRISH TOAST

PROJECT POSTCARDS

PLACE YOUR BETS

-- TERENCE FONG

Greetings from sunny Danville, VA, site of eToys' DC for 2000 and beyond. The KSA team has been making-up for lost time since arriving in early January. Most of the current team was in Provo, UT, helping guide eToys through their peak season last year. Current team members in Danville include:

- Al "Spartacus" Sambar
- Enrique "Westside Rico" Morales
- Jack "Captain Jack" Webster
- Laura "I need a picnic table" Giles
- Terry "T-Bone" Fong
- Joe "I don't have Access on my laptop" Raines
- Mike "Giggles" Kellogg
- Shawn "Rangers lead the way all the way" Olds
- Marc "I'm just giddy" Bessho
- Michael "Prime Time" Barnes
- Bill "Easy Rider" Cobb
- Tony "Just call me Andre Agassi" DeMaria

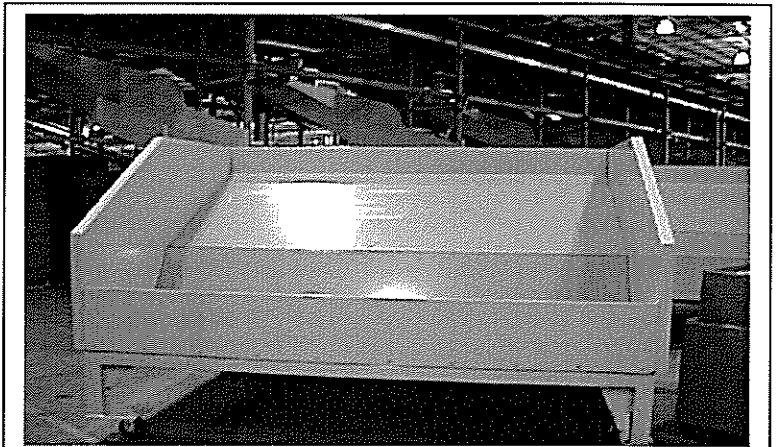
Since arriving in Danville, KSAers have been involved with:

- Facility Design
- Developing Operational Procedures
- WMS Integration Testing
- Implementing WMS 2000 (eToys' homegrown WMS)
- Staffing Requirements and Hiring Plan
- Developing a Training Program

We've had many memorable moments on this project so far. Our most recent adventure involves the infamous shipping gurney (see picture below). One night during dinner, discussion somehow began on this obviously over-designed piece of equipment. Tony claimed that it must weigh "2000 pounds!" Al "John Elway" Sambar doubting Tony's assessment bet \$100 that Marc Bessho, Mike Kellogg, and myself could lift this gurney off the ground. Tony accepted and offered to cut Enrique "Mountain Man" Morales in on the bet.

As some of you may know, Enrique had lost a previous mountain climbing bet in Provo (the infamous Mt. Morales) to Al and Shawn Olds. I called Enrique to let him know of the latest action and after conferring with Tony, he bet against Al.

The next morning at 8:30 AM, the KSA team headed to the shipping dock. The "Fab Four" was primed and ready. After one failed attempt, the "Fab Four" successfully lifted the shipping gurney. Tony and Enrique were crushed as Al jumped for joy and shouted "Show me the money!!!" But this was not the end – Tony and Enrique were not ready to pony up the cash. So, yet another challenge was proposed.



The infamous shipping gurney, it weighs "2000 lbs."

In what may be the most anticipated tennis match in Danville history, Tony "Just call me Andre" DeMaria and Enrique "I'm finally going to win" Morales will take on Al "Where's my cell phone" Sambar and Joe "Cats and dogs sleeping together" Raines. The losing team will not only be out some cash, but will also be wearing some special clothing to the Logistics Conference in May.

All in all we've been busy serving the client, but haven't lost sight of having fun too. Stay tuned for the results of "Clash of the Titans" and be on the lookout at the conference for the lucky team.

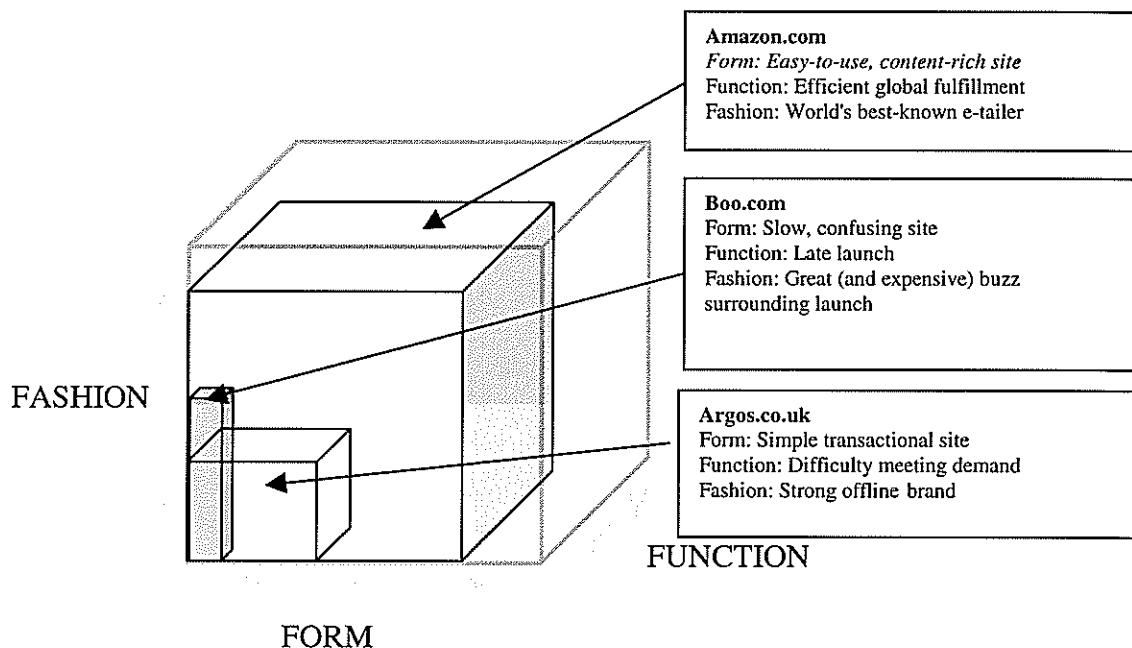
FORM, FUNCTION, & FASHION IN THE UK

-- MATT MADDOX

The Argos project team in the sunny, mild (surprise!) London is roaring along towards the end of our 6-week engagement. KSA was asked to assess the online market opportunity for Argos, a general merchandiser with 441 stores across the U.K. Along the way, we've learned about wonderful e-stuff like customer acquisition costs, conversion rates, and page requests.

Our project team consists of one Brit, **David Oliver**; one Indian, **Amit Gupta**; and two Americans, myself and **Geoff Smith**, a consultant in our e-Strategy group from Atlanta. With our varied global perspectives, we've created some innovative approaches to retail e-commerce issues.

First of all, we created a tool to analyze online retail efforts, built around a three-dimensional model of the *Form*, *Function*, and *Fashion* of a web business. The *Form*, or the promises you make to your customers, consists of your website and supporting functionality. The *Function*, or your ability to deliver on those promises, consists of your fulfillment network and infrastructure (including your brick-and-mortar stores, because this is a BAM-OLE*). The *Fashion* is the marketing and advertising effort used to build the traffic to your site and develop your brand.



Under each of these three heading, we've created an exhaustive (well, maybe not exhaustive, but I'm exhausted) list of issues. And we've created three categories, Early, Advanced, and Best Practice, to categorize your level of effort under each heading. For example, under Form we include such things as *access time*, *update frequency*, and *online order tracking*. A Best Practice *access time*, for example, would load your site in less than 6 seconds with 28.8 modem access.

As Logisticians, you'll be delighted to know that for a retailer launching an online extension, most of the costs and effort fall in the *Function* arena. Unlike startups with Superbowl advertising and

NYC launch parties, the traditional retailers don't get lots of IPO monopoly money to play with. So all the work again falls on the strong shoulders of the fulfillment folks. While the *Fashion* occupies all your attention (and money) during the early days, *Function* quickly becomes more important. But enough boring web stuff.

While we each logged over 150 hours on our last BI, we've still found time to explore London (as well as Milton Keynes, the logistics capital of the U.K. -- its kind of like Memphis without the Elvis sightings.) In fact, I've rented a flat in Soho, just around the corner from Piccadilly Circus. For Mr. Bhargava and Mr. Horst: that's a long way from Cooleemee, North Carolina.

**BAM – OLE: Recently, some of the more obnoxious internet publications have started referring to traditional offline retailers, or brick-and-mortar retailers, as BAMs. In the worst abuse of internet buzzwords to date, Goldman Sachs published a report referring to BAM – OLEs, which are brick-and-mortar online extensions. If you decide to use it, please don't credit me.*

VENDOR VITLES

CRM SUITE FROM MAGIC

Magic Software Enterprises, a provider of integration and convergence software applications and solutions, announced that it will introduce its Magic CRM Suite by month's end. The suite of four applications is designed to improve an enterprise's ability to receive and react to all aspects of customer-related activities, enhance customer satisfaction and achieve higher levels of efficiency and profitability.

For more information, follow this link:

<http://www.tmcnet.com/newsletters/ccs/031600.htm#CRM1>

SUPPLY CHAINS ARE KEY

(Information Week, Feb. 28, 2000)

The explosion of E-commerce is turning supply-chain efficiency into the most important competitive edge in business, says UPS chairman and CEO James Kelly. In a recent speech, Kelly called efficient product fulfillment the foundation of a technology-based economy. "We're about to witness the last competitive frontier in business," he said. "It's going to be a war over the one priceless resource: time."

Kelly also stated that Web-related efficiencies have led businesses and consumers to expect suppliers to shorten delivery times, and reduce costs. "Smart players will trim every conceivable waste, and come back to market with the tightest supply chain, the best product, and the best price they can," says Kelly. Companies should seek to improve the storage and transportation areas of supply chains, which generally add 10% to the price of a product, he said.

INDUSTRY INSIGHTS

VALUE CITY BUYS FILENE'S BASEMENT (Stores Magazine, March 2000)

Value City, the fast-growing discount retailer, announced the acquisition of Filene's Basement, which has been under federal bankruptcy protection. Terms of the cash and debt-assumption agreement were not formally released, and final approval must be obtained from the bankruptcy court.

From its roots as the outlet for the Filene's department store in Boston, Filene's Basement had evolved into an independent public company by the 1990s, when it reached a high-water mark of 51 stores. The Wellesley, Mass.-based retailer was forced to seek bankruptcy protection last summer, however, in the face of heightened competition in its market and hesitancy on the part of suppliers to deliver goods.

At the time of the sale, Filene's Basement was operating 14 stores, as well as eight weekend-only Aisle 3 stores, which are in the state of closing.

NOTES...NEWS...NONSENSE

NEW LOGISTICS ANALYST IN ATLANTA -- SHARON GAVRON

We are pleased to announce that the **Atlanta Office Logistics Analyst** position has been filled with a very qualified candidate. The new analyst is very familiar with KSA, our Logistics practice, and even most of us consultants. We welcome **Nicole Jones DiStasio** to her new position! Nicole will be transitioning over the next few weeks as the search for her administrative replacement continues.

Nicole will be the main point of contact for vendors, maintain the physical Logistics BOK in the AO as well as be Atlanta's keeper of logistics intranet submissions, and provide project support to logistics consultants. She will be available to conduct analysis on projects, perform research, collect product information and obtain price quotes for equipment to help with client cost estimates. Nicole and **Robert Fulgham** will work closely to cover all of the analyst needs of the Atlanta office, consulting Gabrielle in Princeton when necessary.

We look forward to having Nicole full time as an analyst and participating with project teams. Stop by her new office and welcome her to her new responsibilities. Congratulations, Nicole!

REMINDER: YOU ARE DEALING WITH PEOPLE
(Adapted from *The Economics Press*, March 10, 2000)

At a recent gathering devoted to conducting "eBusiness," scores of speakers went on about all the wondrous things now possible in the computer- and Internet-enabled economy. There were presentations about leadership and customer care, loaded with computerspeak, talking about "enabling enterprise-wide solutions" and "CRM diagnostics that set the path to maximum ROI."

For some conference-goers, just dealing with the techno-language barrier was a lot to wade through. Understanding how "multichannel strategies and front to back office integration would enable the customer experience" left them baffled.

And at the tail end of the conference day, a techno-sophisticated "CRM solutions practice director" said: "Don't be distracted by all the "Shazam." It's still just people doing business with people."

And ultimately -- in the end -- it is just that: People doing business with people.

INSTRUCTIONS FOR LIFE
-- PAM BECKERMAN

1. Take into account that great love and great achievements involve great risk.
2. When you lose, don't lose the lesson.
3. Follow the three R's:
Respect for self
Respect for others and
Responsibility for all your actions.
4. Remember that not getting what you want is sometimes a wonderful stroke of luck.
5. Learn the rules so you know how to break them properly.
6. Don't let a little dispute injure a great friendship.
7. When you realize you've made a mistake, take immediate steps to correct it.
8. Spend some time alone every day.
9. Open your arms to change, but don't let go of your values.
10. Remember that silence is sometimes the best answer.
11. Live a good, honorable life. Then when you get older and think back, you'll be able to enjoy it a second time.
12. A loving atmosphere in your home is the foundation for your life.
13. In disagreements with loved ones, deal only with the current situation. Don't bring up the past.
14. Share your knowledge. It's a way to achieve immortality.
15. Be gentle with the earth.
16. Once a year, go someplace you've never been before.
17. Remember that the best relationship is one in which your love for each other exceeds your need for each other.
18. Judge your success by what you had to give up in order to get it.
19. Approach love and cooking with reckless abandon.

HAPPY BIRTHDAY

Dave Rush	3/21
Lisa Rosenthal	3/22
Rob Oglesby	3/24



Brad Taylor	3/22/99
Dan Ulicny	3/22/99

the HOT SHEET

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QUOTE OF THE WEEK:

"WHENEVER I SEE EVERYONE RUSHING IN ONE DIRECTION,
I KNOW IT'S TIME TO MOVE IN THE OTHER DIRECTION."

-- ARMAND HAMMER (1898-1990)
INDUSTRIALIST AND PHILANTHROPIST

CONSULTANT PROFILE

PETER ALLEN LIKES A DAILY SCARE

Peter was born and raised in Minneapolis, MN. There he spent his time playing volleyball, basketball or boating. Following a different path he trekked to Fargo, North Dakota to pursue a degree in IE. Yes, the same city in the movie and, yes, some people do talk that way but Peter has effectively been able to suppress the accent.

Since graduation, Peter has taught English in Tokyo for a year, wandered around China and SE Asia and worked for a WMS firm called McHugh Software. His favorite place that he visited was Koh Pang Nahn, Thailand, a little island several hours off the coast. He feels that Cambodia was one of the more interesting places that he's been. It's a place with amazing sites, friendly people, but a tragic history. If he had a choice of places he could live, he'd choose somewhere near water.

Other noteworthy points:

His hobbies: Sports, outdoor activities, and mosaics.

His favorite quote: "Do something daily that scares you."

Biggest regret: Not asking Mandy Kurtz out in High School.

Favorite type of music: Everything.

ROAD WARRIORS

WHO NEEDS SLEEP?

-- ROB OGLESBY

It appears that the Nike Logistics Strategy team (specifically "Initiative 5") has a penchant for late night runs to Kinko's to make those last minute copies. Last month, it was **Dan Purefoy** waking up in a cold sweat at 4:00am (Pacific time, so don't feel too sorry for him, since he is an Atlanta-kind-a guy) realizing that he had left his presentation on the airplane he had flown out on just a few hours earlier. This month, his project sidekick **Dallas Middlebrook** decided to one-up him.

Dallas figured he'd dispense of toting 25 copies of a presentation on the plane altogether. His strategy (not unfounded) was to get to Beaverton and go to Kinko's to give them the print job overnight! Great idea...except Kinko's called Dallas with a problem at 2:30 am (early in ANY time zone!!!). Needless to say, Dallas spent the rest of the night struggling to get it corrected (where did page 27 go???). Kudos to Dallas for at least appearing not be asleep during the day-long meeting!

Stay tuned next month for the next chapter in the saga..."KSA does Kinko's...Late Night"

INDUSTRY INSIGHTS

SEARS LEAPS INTO RISKY NET REALM (WILL RIVALS CONNECT WITH CYBER-BASED INVENTORY SITE?)

(Crain's Chicago Business, March 6, 2000)

Sears, Roebuck and Co. is teaming with Paris-based hypermarket operator Carrefour SA, the world's second largest retailer, to create GlobalNetXchange, a Web-based marketplace for the retailing industry. Retailers will be able to purchase all their inventory from an almost unlimited worldwide supplier base. While experts agree that Web-based purchasing systems reduce costs, the investment will pay off significantly for Sears only if the exchange attracts a range of merchants including department stores, discounters and specialty retailers. But there are issues: merchants may be reluctant to join the purchasing exchange for fear that competitors will gain access to strategies and sales information. It is unlikely that Wal-Mart, the world's largest retailer, will join GlobalNetXchange, being that they are satisfied with their own Internet-based system. Target is reviewing several similar exchanges, and believes Global NetXchange would be more compelling if additional retailers were on board.

Key details about GlobalNetXchange, such as its fee structure, who will manage it and where it will be based, haven't been announced. The venture is planned as an independent company that eventually will go public.

Sears is still looking for other ways to tap into the Internet, such as the planned relaunch of home improvement venture BobVila.com.

THE CRM ZONE

(Call Center Magazine, March 2000)

Customer relationship management (CRM) is more of a journey than a set of tools or processes. This article discusses how on-line companies and call centers can enhance their operations through CRM

For years, information from one call center department's database did not match that of another. Without a system to coordinate the data, a customer had to repeat to an agent not only what his or her problem was, but even such basic information as a phone number or address. This became a time-consuming process for all.

During the past few years, the walls that had created departmental distinctions have begun to crumble as call centers begin to use software that allows for the collection and integration of data from various areas of a company.

Rather than requiring agents to search through multiple databases and screens to find what customers need, it is far more efficient to use CRM software, which can identify a customer from a home phone number, bring up that customer's information and then track the way the call is handled.

CRM software allows call centers to keep track of all customers' transactions. It is growing in scope as more companies discover the need to coordinate live communication by phone and from their Web sites. By using CRM software on a company-wide basis, call centers not only serve customers, but ultimately retain them and generate more revenue.


Link to <http://www.commweb.com/features/mar/2k0301.crm.html> to gain more knowledge on CRM vendors and refining customer service departments.

KSA PERSPECTIVE

Publishers Note: In an effort to keep information flowing, some of the Communications Department's latest materials will be highlighted in the HotSheet. Not all their materials will be showcased, only those pertaining to the Logistics/Supply Chain Group. This is not to discourage you from visiting the Intranet, which may house these documents, but it may be somewhat more convenient to stay abreast of KSA's materials. All requests for reprints should be sent to the Communications Department.

“WHICH WAY TO THE EMERALD CITY? CONSUMERS SEARCH FOR THE IDEAL SHOPPING EXPERIENCE”

This piece is based on KSA's 1998 Apparel Solutions Survey and discusses the importance of keeping the consumer at the focal point of strategic planning. Results from the quantitative survey, as well as one-on-one interviews with consumers shed light on consumers' frustrations with the shopping experience, fit issues, etc. This Perspective offers suggestions for how to anticipate, meet, and exceed consumers' expectations.


_newApparelPersp668.
pdf

NOTES...NEWS...NONSENSE

GENERATIONS AT WORK

- PAM BECKERMAN

There has been a lot in the press lately about how different generations of workers are motivated in differing ways. Claire Raines wrote a book called *Generations at Work: Managing the Clash of Veterans, Boomers, Xers, and Nexters in Your Workforce*. She offers some tips for communicating with people across age groups. These might be helpful as we deal with clients, families, and each other (*Yes, these are generalizations and we should see people for their uniqueness....*):

Boomers: (born 1948-1962)

- Give them lots of public recognition.
- Give them a chance to prove themselves and their worth.
- Give them perks with status.
- Assist them in getting name recognition throughout the company.
- Get them quoted in an industry journal.
- Ask for their input. Get their consensus.
- Reward their work ethic and long hours.

Xers: (born 1963-1977)

- Give them lots of projects. Let them take control of prioritizing and juggling.
- Give them constant constructive feedback.
- Give them time to pursue other interests, have fun.
- Invest in the latest technology.
- Make sure they feel informed and that they are growing professionally.

Nexters: (born after 1977)

- Learn about their personal goals. Show how they mesh with the company's.
- Do not approach them with traditional gender or other roles.
- Be sensitive to potential conflict with Xers.
- Open avenues for education and skill building.

- Establish mentor programs.

HAPPY BIRTHDAY

Brad Taylor	3/16
Rachel Kolm	3/19



Randy Moore	3/14/83
Tony DeMaria	3/19/65

Congratulations on 35 years, Tony!

the HOT SHEET

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March 3, 2000

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Published by KSA Chicago

Editor: Suzanne Judd

Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"YOU ALONE DECIDE IF YOU'RE GOING TO BE HAPPY."

- HIROTADA OTOTAKE, YOUNG JAPANESE AUTOBIOGRAPHER,
INSIGHT ON HOW HE HAS DEALT WITH BEING BORN WITHOUT
ARMS OR LEGS

LOGISTICS GROUP SPOTLIGHT

1999 WAS A GOOD YEAR FOR THE LOGISTICS GROUP; 2000 LOOKING STRONG

Congratulations and thank you to everyone in the Logistics Group for a terrific 1999. We finished the year with billings of \$21,000,000, which was 10% over our activity budget. Thank you all for your extraordinary efforts and hopefully we will repeat that again this year. The quality of work continues to be very high, with excellent work being done for our target clients. We continue a steady stream of repeat business from our previous clients which attests to this quality work. We also have several e-commerce initiatives for top-tier clients and start-up companies that are currently under way.

We are getting off to a strong start in 2000. Sales slowed down during November and December; however, this seems to have turned around in the first 2 periods of 2000. We have converted on several significant proposals from 1999, plus our inquiry flow is excellent. These are good signs for building a strong 2000 performance.

We also added 26 new consultants to Logistics during 1999. These new staff add strength, capacity, and energy to our team. Recruiting will continue to be a top priority for 2000. We fell short of our Fall 1999 campus recruiting goal and are currently putting plans in place to overcome this shortfall by other sources.

Our expenses this year were very close to budget and we all need to continue to monitor expenditures. Remember Kurt's saying "spend the money as if it were your own."

As I said, the outlook for 2000 is excellent with very high sales and proposal activity in the first 2 periods. If we keep up the excellent high quality delivery of projects we can again have an excellent year in 2000.

Again, thanks for all your efforts.

-- STEVE RIEPENHOFF

THE WARMTH OF PAST FRIENDSHIPS

Have you recently run into an old friend? Do you remember the feeling of catching up on old times with them? You know, the warmth and excitement you get from reminiscing, sharing stories, and renewing friendships? In Logistics, we've recently experienced this sensation as 3 ex-colleagues have rejoined KSA.

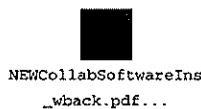
Tom Barts, Michael Barnes, and Kirk Ziehm have re-joined KSA over the past few months. Each of them left KSA to pursue other work experiences; but thankfully, each has decided to return to KSA. Tom was with KSA the longest, and he's been gone the longest as well, so it's particularly special to have him back. Michael and Kirk left more recently, and so are more familiar to many KSA'ers. We are excited to have all three of them back again! We greatly value the experiences and knowledge each of them have gained from their recent careers and we look forward to their contributions to KSA! If you want to gain that feeling of seeing an old friend again, stop by and talk to Tom and Michael (both based in Atlanta) or Kirk (based in Chicago). It's great to catch up on old times!

-- RANDY MOORE

KSA'S COLLABORATION LEADERSHIP CAPABILITIES

Note from the Publisher: Last week, the HotSheet included a link to Stores Magazine and an article featuring Collaborative Planning, Forecasting and Replenishment (CPFR). The article neglected to mention KSA as a leading developer of CPFR. In this week's issue, more information about CPFR and KSA's involvement are made available.

The following icon is a PDF file created in the New York Office's Communications Department recently. This piece explains more about KSA's ability to improve supply chain performance.



For more information on CPFR, visit their website at www.cprf.org.

CONSULTANT SPOTLIGHT

JUJUAN TIMBERLAKE, "NO REGRETS."

Jujuan is a Logistics Consultant, with a B.S. in Mathematics from Morehouse College and a Bachelors in Mechanical Engineering from the Georgia Institute of Technology. Previously, Jujuan worked as a mechanical engineering design consultant specializing in geothermal heating systems and lighting analysis.

Jujan was born in Cleveland, OH, and if he could live anywhere, he'd prefer to be in Atlanta.

Other tidbits:

Favorite Movie: Conan the Barbarian

Most Interesting Place to Visited: Inside his mind.

First Album Purchased: Born to Sing: En Vogue.

Favorite quote: "If you do not stand for something, you will fall for anything."

Biggest Regret: *"Each experience has a lesson which will better me spiritually, mentally, physically, and emotionally. So, I do not have regrets. If I ever do have regrets, then I have not found the lesson that I am suppose to learn. When I do find the lesson, I will learn it and move on...to never look back...I figure, if I live my life the best way that I can the first time around, I can always look back and enjoy the experience again."*

INDUSTRY INSIGHTS

NRF/FORRESTER RESEARCH LAUNCH ONLINE RETAIL INDEX, REVEALING \$2.8 BILLION IN CONSUMER SPENDING IN JANUARY
(Forrester.com, March 1, 2000)

The National Retail Federation and Forrester Research, in conjunction with Greenfield Online, announced the first results of the NRF/Forrester Online Retail Index. According to the first survey, US consumers spent \$2.8 billion online during January 2000 on a variety of products. The NRF/Forrester Online Retail Index will provide a monthly view of how consumers are using the Internet as a retail channel. All three organizations involved are well respected within the industry. Key metrics from January:

- \$2.8 billion dollars was spent in the B to C e-commerce arena.
- Airline tickets, books, computer hardware, computer software and (believe it or not) apparel round out the top five online purchases.
- Over 13 million purchases were made online.
- The average consumer spent \$202.

For more valuable information regarding this survey and the other rankings provided by Forrester, check out their website: <http://www.forrester.com/>

-- CAMERON D. GEIGER

THE NEW BLENDED CONTACT CENTER:

CALL BLENDING AND MEDIA INTEGRATION IN THE INTERNET-ENABLED CONTACT CENTER

Though many call centers create a separate group to handle their Internet-based communications, the most effective centers integrate their Internet-based services into their current call center processes. Computer telephony integration (CTI), customer relationship management (CRM), and enterprise interaction management (EIM) solutions currently in place can be applied to a multimedia environment. In this way, each customer receives the same quality of care, regardless of the communication media.

The following article link talks through media integration, call blending and future implications of call blending. Click on <http://www.tmcnet.com/tmcnet/articles/gen0200.htm>.

NOTES...NEWS...NONSENSE

USING THE INTRANET: INFO ON PREPARING FOR PROMOTIONS

The KSA intranet is being populated with useful information. Go check it out occasionally and see what's been added. For example, I get frequent requests for the criteria for promotions. To help make this information more accessible, we created files on the Personnel site with the criteria and procedures for promotion and the development continuums for managers and principals. We also added a FAQ (Frequently Asked Questions) about promotions. Here's how you get there:

- Go the intranet: <http://webstage/intranet/>
- Select the Corporate book
- Select the Personnel site
- Scroll down to Tools of the Trade and select it
- Select Performance Management then Promotion Criteria

Please let me know if there is anything else you'd like to see added to the site.

-- PAM BECKERMAN

MAKE IT YOUR BUSINESS

In his book, *Beware the Naked Man Who Offers You His Shirt*, Harvey Mackay, CEO of Mackay Envelope Corporation, tells a travel story that has a lesson:

On a trip to Mexico, I wanted to know the seller's true selling price on a Mexican rug. Reconnaissance by a Mackay suicide squad (everybody works in this family, even the kids) had established that the seller's asking price was \$300. I divided \$210 among four different pockets. I started negotiating, pocket by pocket.

He shook his head back and forth each time. Three no's.

I emptied the fourth and final pocket. As I stood there, all four pockets inside out flapping in the breeze, waving fistfuls of dollars and pesos, I told the seller that it was all I had left. If I didn't catch my cab, waiting over there (much vigorous pointing in the direction of the cabstand) and get back to the pier, my ship would sail without me.

"We're just here for two hours. Just long enough to do a little shopping and get back to the boat. You'll never see me again. I'll get in the cab and be gone. And you won't have the sale. There may not be another buyer for ages."

A fourth shake of the head. "No."

I started walking toward the cab. Here's the payoff: If he lets me get into the cab, then I know absolutely for sure he will not change his price to \$210, but with each step toward the cab I have a chance that he will holler and say, "Mister, I will give it to you for \$210."

I got to the cab.

I opened the door.

I shut the door.

He never called me back.

I had the cab driver around the block and then walked back to his stand and said, "Okay, you win. I want the rug; here's the \$300." He nodded solemnly, took the money, counted it very slowly, and handed me the rug.

"Maybe you want me to deliver it to your hotel?" he said.

"Hotel? But, I'm on the-"

He held up his hand to stop me and shook his head no for the last time. "I waited on the table next to you at the hotel last night. My brother, Manuel, has been your waiter all week. He says you take real good care of him, mister. We check out all the tourists. That's our business, you know. Thank you. I'm sure you'll enjoy the rug."

Moral: It's one thing to be a moderately successful amateur bargain hunter, but when your livelihood depends on knowing more than the other guy, then you don't play amateur games. You make it your business to know.

HAPPY BIRTHDAY

Kirk Ziehm	3/13
Denise Trostle	3/13



Mark Thomas	3/10/97
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Note: If your Birthday/Anniversary information was not listed or is inaccurate, please contact the HotSheet publisher.

the HOT SHEET

vol. 9 no. 7

February 25, 2000

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Logistics Services Group

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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

PROJECT POSTCARDS

This article, published in Fortune Magazine, ranked e-tailers' performance during the 1999 Holiday season. Kudos to the KSA'ers (A. Sambar, P. Jorgensen, S. Daughdril, B. Cobb, T. DeMaria, A. Mikulka, R. Humphries, A. Gellis, J. Franklin, C. Williams, T. Clement, W. Ackerman, P. Sala, T. McVeigh, B. Ehlers, M. Olson, M. Feder, L. Giles, M. Kellogg, S. Olds, T. Fong, J. Raines, C. Geiger, J. Webster, E. Morales) that supported eToys during those hectic months!

- PROJECT TEAM, ETOYS

EToys NAMED TOP OVERALL WEB SITE OF '99 HOLIDAY SEASON

(Business Wire - According to Fortune Magazine Business Editors, February 22, 2000)

In a comprehensive and independent study of how Internet retailers performed during the recent holiday season, eToys Inc, ranked No. 1 among the top 49 Web sites, according to Fortune magazine. The research was conducted by Resource Marketing Inc. of Columbus, Ohio, and was published in Fortune's Feb. 21 issue. Resource Marketing described the research as "the industry's most rigorous and disciplined study to date." The company "stress-tested" each site on more than 80 separate measures, including site navigation, product presentation, customer service and shipping. The effort simulated more than 500 customer interactions and required that researchers spend a minimum of 20 hours on each site, nearly 200 times that of the average shopper.

eToys led all companies and particularly outpaced its principal competitors. The top six spots were held by Internet pure-plays. More information on this study can be found at www.resource.com.

eToys recently reported strong financial results for the holiday quarter. Net sales more than quadrupled to \$107 million and cumulative customer accounts nearly tripled to 1.7 million. The company far surpassed its competition in sales of toys and videos during the holiday.

The complete rankings of the Resource Marketing's study, as published in Fortune, are as follows:

(Above Par, in descending order)

1. eToys
2. garden.com
3. Cooking.com
4. Fogdog Sports
5. Amazon.com
6. eve.com
7. REI.com
8. Land's End
9. L.L. Bean
10. Banana Republic
11. boo.com
12. Gap
13. Bluefly
14. drugstore.com
15. 800.com
16. PlanetRx.com
17. NORDSTROMshoes.com
18. Hallmark.com
19. DrugEmporium.com
20. CDNOW
21. Brooks Brothers
22. RedEnvelope

(Below Par, in descending order)

23. Violet
24. Macys.com
25. 1-800-FLOWERS.COM
26. Outpost.com
27. Sephora
28. Barnesandnoble.com
29. Furniture.com
30. Reel.com
31. Living.com
32. Williams-Sonoma
33. Marthastewart.com
34. PC Flowers & Gifts
35. Indulge.com
36. Gloss.com
37. Sparks.com
38. Kbkids.com
39. Jcrew.com
40. Target.com
41. Crate & Barrel
42. Nike.com
43. Gifts.com
44. Buy.com
45. Toysrus.com
46. Disneystore.com
47. Cozone.com
48. Alloy
49. Wal-Mart

MY CAREER WITH KSA (OR...THE IDIOT'S GUIDE TO E-COMMERCE CONSULTING)

I was asked to explain my transition from Logistics to the e-Strategy team in three short years. I have some bad genetic wiring that prevents me from talking about myself without bragging outrageously, so instead I offer my perspective on KSA life.

- MATT MADDOX

THE GOOD STUFF

THE CULTURE

We have a wonderful culture. I wouldn't lie to you (unless, of course, I'm your advisor). This is a truly collaborative, collegial environment, and the people around you care about you and your career. Case in point: After I gave my first speech as a KSA'er, I walked out and checked my voicemail. Just minutes after my speech, two KSA'ers called to congratulate me on my performance. In the airport, I ran into two other KSA'ers who did the same. How? Beth Souther, who attended the speech, broadcast a glowing appraisal to half of KSA. I even received a congratulatory voicemail from Dave Cole. Try that at a Big 5 firm.

THE OPPORTUNITIES

Want to deliver a speech? Want to write an article? Want to have dinner with a billionaire? Want to help the world's leading retailers figure out this e-commerce stuff? In my three years with KSA, I've done all of the above. And it's not because I'm a superstar --- it's because my fellow KSA'ers helped me make it happen. If you're out on your third Base Plus in a row, this must sound ridiculous, but I once did three Base Pluses in a row, too. Cheer up!

NEEDS IMPROVEMENT

INFORMATION SHARING

I recently viewed a document on the Intranet that I needed, but I couldn't download it. Ostensibly to protect confidential information, KSA allows viewing but restricts download access. As everyone knows, just letting me read over your shoulder compromises sensitive information, so letting me view it didn't protect anything. And, of course, it isn't a good means of sharing information, because I fell back on the old 'tribal knowledge' means of accessing the information: I called someone.

GLOBAL PERSPECTIVE

We've organized the e-Strategy team into a purely American group, despite the fact that some of our most notable e-commerce clients (like boo.com, luxgoods.com, and Argos) are based in Europe. Peter Brown recently exhorted us all to act in a "globally integrated, team-like manner." As the rest of the world catches up to the U.S. in e-commerce, I am sure we will see more examples of truly global project teams.

"If the e-commerce winners of 1998 were those with the slickest websites, the strongest players in 1999 were those who knew how to pick, pack and ship customer orders in a timely manner."

MY CAREER WITH KSA

November '96
Joined KSA. Started first project with the largest jewelry manufacturer in the Western Hemisphere. Lived the wild life in Boston.

March '97
First client went bankrupt. Was it something I said?

May '97
Started second project in a dry county in Kentucky. Lost entire CPS in one day at the horse races.

December '97
Started third project in a dry county in North Carolina. Acquired taste for barbecue and sweet tea.

May '98
Started fourth project in Ohio. Won 'fastest stopwatch' award before freak thumb injury ended my time-study days.

June '98
Banned from all KSA soccer games.

October '98
Started fifth project with a north Jersey grocery chain. Started watching the Sopranos for etiquette tips.

December '98
Banned from all KSA football games.

June '99
Joined e-SMART group. Taunts of 'Hey - e-Boy!' heard around the Princeton office.

July '99
Started work with sixth client in California. Acquired taste for sushi and started wearing flip-flops around the office.

January 2000
Traded to the e-Strategy team. Developed a nervous tic that causes me to put an 'e' in front of everything.

-- Time Magazine, January 24, 2000

INDUSTRY INSIGHTS

RETAILERS AND SUPPLIERS ARE MOVING TO IMPROVE THE SUPPLY CHAIN THROUGH COLLABORATIVE PLANNING, FORECASTING AND REPLENISHMENT
(*Stores Periodical, February 2000*)

The supply chain movement known as Collaborative Planning Forecasting and Replenishment (CPFR) is progressing beyond the pilot stage, as retailers and their trading partners recognize the benefits of web-based cooperation to develop a single, more accurate demand forecast and devise a plan for delivering product to meet customer demand.

CPFR is a business practice that reduces inventory costs while improving product availability across the supply chain. Moreover, it has the potential to increase sales, improve cash flow, streamline operational efficiency and improve return-on-assets performance.

To read more about CPFR, link to <http://www.stores.org/eng/cover.html>.

TOYS "R" US HIRES NEW CEO
(*Stores Periodical, February 2000*)

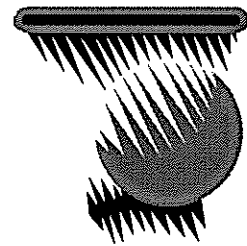
Toys "R" Us has hired John Eyler, who currently heads F.A.O. Schwarz, as president and chief executive officer. He has been credited with raising sales at the upscale toy retailer from \$60 million to some \$220 million. His experience in running F.A.O. Schwarz's catalog and on-line retail operations was reportedly a major factor in his selection by Toys "R" Us.

NOTES...NEWS...NONSENSE

SUCCESSFUL RULES OF BASKETBALL APPLY TO BUSINESS

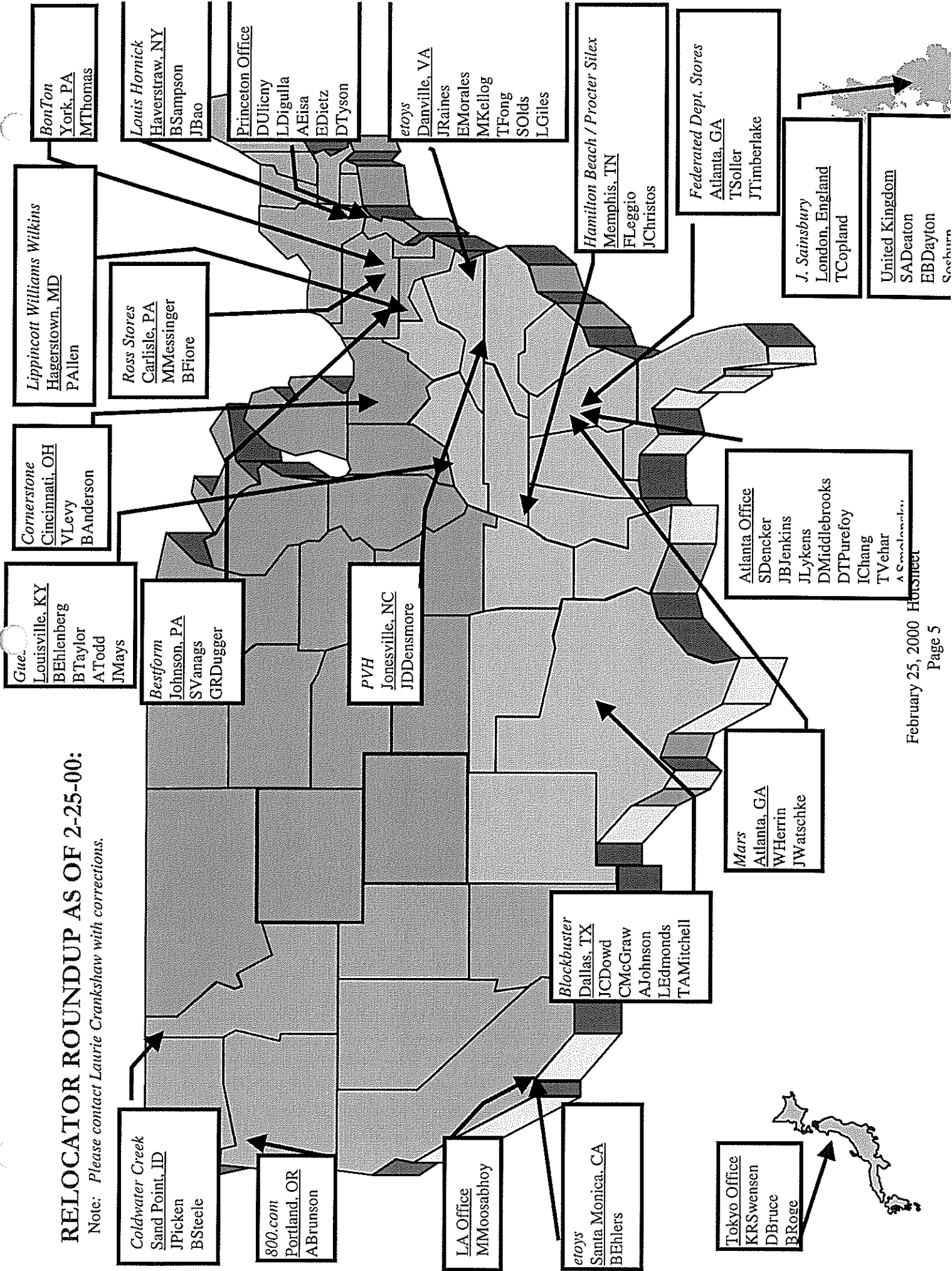
John Wooden, formerly of U.C.L.A., is unarguable the greatest college basketball coach ever. Here are his eight suggestions for success:

1. Fear no opponent. Respect every opponent.
2. Remember, it's the perfection of the smallest details that make big things happen.
3. Keep in mind that hustle makes up for many a mistake.
4. Be more interested in character than reputation.
5. Be quick, but do not hurry.
6. Understand that the harder you work, the more luck you will have.
7. Know that valid self-analysis is crucial for improvement.
8. Remember that there is no substitute for hard work and careful planning. Failing to prepare is preparing to fail.



RELOCATOR ROUNDUP AS OF 2-25-00:

Note: Please contact Laurie Crankshaw with corrections.



HAPPY BIRTHDAY

Suzanne Dencker	3/2
Whitney Herrin	3/5
Jon Watschke	3/7



Johnny Bao	3/1/1999
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the HOT SHEET

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QUOTE OF THE WEEK:

"THOSE ONLY ARE HAPPY WHO HAVE THEIR MINDS FIXED ON SOME OBJECT OTHER THAN THEIR OWN HAPPINESS: ON THE HAPPINESS OF OTHERS, ON THE IMPROVEMENT OF MANKIND, EVEN ON SOME ART OF PURSUIT, FOLLOWED NOT AS A MEANS, BUT AS ITSELF AN IDEAL END. AIMING THUS AT SOMETHING ELSE, THEY FIND HAPPINESS BY THE WAY."

-- JOHN STUART MILL (1806-1873)
PHILOSOPHER AND ECONOMIST

PROJECT POSTCARDS

STOCK ON STANDARD IN STONE MOUNTAIN!

Greetings from the Base Plus[®] project team at the Federated Big Ticket DC in Stone Mountain, GA! For those of you who don't know, 'big ticket' means furniture, and lots of it.

The week of January 31st saw the implementation of the first standard in the Stock department. By the end of the first week of standard implementation, 13 associates in the Stock department earned over \$430 in Base Plus[®] bonus money. The associates are very excited by the opportunity to have earned that bonus money, and we're looking forward to putting two more areas (Fabric Protection and Delivery) on standard by February 28th.

The project team of **Cameron Geiger**, **Jujuan Timberlake**, and **Todd Soller** has been diligently at work since late November. In that time, we've had many guest appearances by Base Plus[®] gurus **Raj Kumar** and **Mike Gregory**, who have guided us along the true path of Base Plus[®].

We've also had a very dynamic project team environment due to the numerous KSA'ers who have graced us with their presence. **Deirdre Coleman** visited Stone Mountain for two weeks in December to learn the Base Plus[®] process so that she could return to the U.K. and help implement one of our newest productivity improvement projects in Europe. We hope that all of you who attended the Atlanta office holiday party had the opportunity to meet her. Thanks, Deirdre, we

really enjoyed having you here and hope to see the interim results of your project in the Hotsheet soon!

For the month of January, **Brenda Steele** brought her Federated Big Ticket experience that she possesses from a similar project in Edison, New Jersey. She was instrumental in shaping the standard that is currently in place in the Stock department, and we definitely miss her as well as her unending love for project documentation. Thanks, Brenda, stay warm in Idaho and be sure to go skiing as often as possible.

We were also fortunate to have **Whitney Herrin** stop by for the first week of standard implementation in the Stock department. Whitney played a key role in the post-follow-up process with many of the Stock associates. Whitney also gains distinction for being the first person on the project team (and probably within KSA) to make an associate go off standard by the singing of various Christina Aguilera songs. (I see a big, bright shiny "karaoke star" in Whitney's future!) Thanks Whitney!!

That's all from the Federated Stone Mountain project team. Look for more info in the coming weeks.

INDUSTRY INSIGHTS

GOOD YEAR PREDICTED FOR FASHION & STYLE PRODUCTS *(Abbreviated Article, Activmedia Research)*

Online markets for Fashion & Style products (F&S) awoke in 1999, and promise to have a fabulous season in 2000. An influx of traditional mainstream shoppers to the Web in the past year has been encouraged by arrival of traditional mainstream marketers who are no longer merely testing the potential for online sales. Companies like **J.C. Penney's** just closed a \$100 million e-commerce season for 1999, up 370% from 1998's meager beginnings. The result, across all F&S categories, is a \$4.2 Billion online marketplace that still represents only 1.3% of the total \$325 billion spent for these goods in the U.S. Clearly, the potential for online markets in Fashion & Style merchandise is huge.

- CAMERON D. GEIGER

VALENTINE'S DAY WEB SITES FAILED TO MEET PERFORMANCE & FULFILLMENT DEMANDS OF ONLINE CONSUMERS *(Business Wire, February 16, 2000)*

Many popular Valentine's Day web sites strained to meet the performance and fulfillment demands of online shoppers ordering for their sweethearts, according to measurements taken by Keynote, an Internet performance authority(TM).

Chocolate/candy websites managed the best fulfillment, with flower sites following closely behind. Greeting card sites performed the worst. Valentine's Day is a stricter test of performance and fulfillment than the Christmas holidays because the target delivery date is only a single day.

Follow this link for more details:

<http://quoteserver.dogpile.com/texis/stock/dogpile/+AwwBmeKGUJv0wwwx7me8xwwwqFqMmo5BGoxlBodD/article.html>

NOTES...NEWS...NONSENSE

CHURCH BELLS WERE RINGING

When you next get the chance, congratulate Ike in the AO Graphics Department. Why? Because on February 6th, at Antioch Baptist Church in lovely Lithonia, Georgia, Ike Myers and Sharon Batteast exchanged vows and were married.

Congratulations Ike and best wishes to Sharon (your better half)!

- SCOTT SANGREY

SKILLS FOR SUCCESS

I am reading a book called *Keys to Employee Success in the Coming Decade*, a series of essays edited by Ronald Sims and John Veres. In Chapter 13, the editors explore the skills most important to success in an increasingly complex and dynamic business environment. Here is a quick summary of their findings. Note: many of these skills are interrelated:

Skill	Description
Managing/creating change	The world of work is changing rapidly. Successful employees must have the ability to recognize trends, diagnose the need for change, and create change.
Being flexible	Chaos accompanies change. Flexible employees will adapt to uncertainty, learn from mistakes, take appropriate risks, and spot opportunities.
Being IT literate	Strategically leveraging technology (voice mail, e-mail, intranets, internet, etc.) allows cooperative use of resources and higher levels of performance.
Managing one's career	Lifetime learners are constantly updating their knowledge and skills. Their active management of their careers keeps them productive and valued. A secondary aspect of managing one's career is maintaining a sustainable balance between one's work and personal life.
Managing diverse relationships	Strong interpersonal skills and the ability to take multiple/global perspectives will be increasingly important to managing an array of internal and external contacts. Building trust and practicing openness will be almost as important as sharing one's technical knowledge.

Managing one's empowerment	Everyone contributes to the success of an organization. Flatter hierarchies will require higher levels of individual responsibility and accountability.
Being creative	Competitive challenges will prompt new solutions born of innovation, intuition, and risk taking.
Thinking conceptually	New millennium employees must be able to see the big picture and the long-term view. Taking a systems or holistic perspective promotes more relevant, strategic opportunities.
Being a strategic manager	Astute employees will continually scan for Strengths, Weaknesses, Opportunities and Threats (SWOT analysis).
Being a role model	Cultures are co-created. The values expressed by each employee contribute to the quality of the group's experience. Successful employees model desired behaviors.

- PAM BECKERMAN



TRAVEL TIPS

TRAVEL GUIDE

If you're planning to travel somewhere for business or pleasure, visit TravelNotes at <http://www.travelnotes.org> first to research your trip. TravelNotes has profiles of regions and countries, reviews of Web sites that will help you plan your trip, and links to currency converters, train schedules, weather reports, and much more.

*HAPPY
ANNIVERSARY*

Barry Ehlers	2/16/98
Britt Dayton	2/24/92
Steve Riepenhoff	2/28/72

the HOT SHEET

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February 4, 2000

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Published by KSA Chicago

Editor: Suzanne Judd

Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THE BEST EDUCATED HUMAN BEING
IS THE ONE WHO UNDERSTANDS MOST ABOUT THE LIFE
IN WHICH HE IS PLACED."

-- HELEN KELLER

CONSULTANT PROFILE

BRAD "THIS IS NOT A TAN" SAMPSON

Some of you may have had the opportunity to work with Brad already, but for those of you that haven't, here is some background:

Brad was born in Cleveland, Ohio. Prior to coming to KSA, he worked at Oracle, United Consulting, in civil engineering, and MetroPower (electrical contractors) in Atlanta area. He attended, as he puts it, the only school that matters: Georgia Institute of Technology.

Brad likes several different sports, such as golf, volleyball, soccer, and basketball to name a few. One of his regrets is that he did not play volleyball all 4 years in high school.

Some other tidbits on Brad:

Most Interesting Place Visited: *Praha (Prague)*

His Favorite Quote: *"If winning isn't everything, then why do we keep score?"*

Most Unusual or Funniest Experience: *A friend and I took a month-long road trip spanning the Midwest to the Northeast of the U.S. on a baseball odyssey. We saw 13 different Major League ballparks and 20 different teams. We stayed for free everywhere and had free tickets to 5 of the games. The highlight of the trip was seeing Joe DiMaggio Day at Yankee Stadium.*

Favorite Movie: *Braveheart*

First Album (CD) Purchased: *Dave Matthews Band – Under the Table and Dreaming*

When meeting Brad for the first time, you may wonder where he got his nice tan. He says, "It's not because I grew up in Florida, I'm 50% Cherokee Indian, and, no, I don't have a name like "Dances with Wolves" nor do I smoke out of a peace pipe every night, at least not lately."

INDUSTRY INSIGHTS

THEY'VE GOT MAIL

(Fortune Magazine, February 7, 2000)

The growth of Internet commerce has raised the stakes in the boxing match between UPS and FedEx.

As UPS tries to compete in the overnight business, FedEx re-structures to gain on residential and trucking (ground) deliveries.

For more on the battle, visit: www.pathfinder.com/fortune

WMS MARKET REACHES \$680 MILLION

(Logistics Management & Distribution Report, January 31, 2000)

North American companies spent about \$680 million on warehouse-management systems (WMS), software, and support in 1998, according to market-research firm Venture Development Corp. (VDC) of Natick, Mass. A recent market study conducted by VDC found that software licenses accounted for 31 percent of all the dollars spent in the WMS marketplace. Systems integration represented 34 percent of the market expenditures, while hardware and consulting accounted for 13 percent and 18 percent of the WMS market, respectively.

VDC reported that the top five WMS vendors in 1998, based on revenue, were Catalyst, EXE Technologies, **Manhattan Associates**, McHugh Software, and the Summit Group.

Despite some lingering effects from Y2K issues, VDC says, the WMS market should grow at a rate of about 20 percent annually for the next two years. Most of that revenue growth will come from software licensing, the research firm predicts.

U.S. POSTAL SERVICE LAUNCHES ONLINE RETURN SERVICE

(Logistics Management & Distribution Report, Authored by Peter Bradley, Toby Gooley, & James Cooke, January 31, 2000)

Merchandise returns have been the bane of most Internet retailers. Return rates for merchandise purchased via the Internet are higher than for goods purchased in person--and the costs are higher, too. To address those growing problems, the U.S. Postal Service (USPS) has launched a new service to facilitate reverse distribution for online merchandisers. The program was specifically designed to make returning items bought online, through catalogs, or over the phone easier for both buyers and sellers.

To use the service, online retailers must obtain a merchandise-return permit and set up an account at any local post office. When a customer alerts the online retailer of the need to return an item, the retailer provides the customer, via the Internet, with a merchandise return label, which the customer prints and applies to the package being returned. The package can then be tendered to a letter carrier, dropped in a collection box, or taken to the nearest post office.

The Postal Service tested its service with Altrec, an online outdoor-lifestyle retailer based in Seattle. At present, a half-dozen companies are using the service and more are expected to sign on, says USPS spokesman Gerry McKiernan.

NOTES...NEWS...NONSENSE

A RECENT VISIT TO LIFE BALANCE ON-LINE

Life Balance is the employee assistance program KSA offers to employees and their families. Over the last year, KSAer's have utilized the service for a variety of issues such as child care referrals, financial advice, legal advice, managing stress, marital and relationship problems, and securing advice for a major purchase. I recently checked out Life Balance on line, and was amazed to find the extent of material available. From your desktop at home or at work, 24 hours a day-7 days a week, you can log on to the Life Balance site and obtain educational materials, fact sheets, tips-on-tape and referrals on almost any issue that you can think of.

If you, or someone you know, is in the process of planning a wedding for instance, Life Balance on-line can provide you with useful information regarding budgets, catering, engagement parties, legal issues, prenuptial agreements and even international wedding customs. There is also a useful section for parents struggling with time management issues or business travel away from home. Individuals can look up exercise and fitness information and programs and even borrow tapes on cardiovascular conditioning, aerobics, weight-training and weight-loss. If you are traveling or on a client site and need medical information, the Life Balance web site has an extremely comprehensive section designed to provide individuals with information on various medical conditions, fact sheets and answers to commonly asked questions.

There is a section that is devoted solely to the issues surrounding relocation. Useful tip sheets include topics such as overcoming relocation stress, finding resources in a new community, renting an apartment, moving with a spouse, young kids or a teenager, relocating as a single parent, long-distance parenting, easing the transition, international work assignments, travel safety tips and even a moving checklist.

If the site can not provide you with the information you need, you will certainly be able to find a link to a related resource on the web. It is also possible to subscribe, free of charge, to an electronic "Life Balance Newsletter". Individuals can select a topic that is of interest to them (common topics include raising a toddler, raising a school-age child, living with a teenager, caring for an older relative, and job/career information) and every 2 to 4 weeks, Life Balance will send a personalized article via e-mail featuring the topic selected.

In addition to the information provided through Life Balance on-line, individuals can still contact a Life Balance consultant by phone or via e-mail to receive free and strictly confidential assistance, advice, support and practical solutions. To contact Life Balance by phone, please call 1-888-300-0431 or visit Life Balance on-line at www.lifebalance.net and enter **Company Name : ksa** (lower case) and **Passcode: 3790**.

- KAREN PANTZER

SUPER BOWL SUCCESS (AND, NO, IT'S NOT A KURT WARNER STORY)
(Success Online, February 3, 2000)

Adrian Wojonarowski, a sports reporter for a daily New Jersey newspaper noted after the latest Super Bowl, "The most thrilling play...wasn't one of Kurt Warner's perfect spirals, or Isaac Bruce's leaping catches, or Steve McNair's breathless scrambles. The most thrilling play of the most thrilling Super Bowl sparkled with sweet simplicity. What worked on the childhood practice fields worked in the Super Bowl."

The play he's writing about was the last play of the game. St. Louis Rams linebacker Mike Jones wrapped his arms around Tennessee Titan's ball carrier Kevin Dyson at the 2-yard line, slid lower and lower on his legs, holding tighter and tighter, until the receiver crumbled to the field just short of the goal line.

It was such a classic, fundamental tackle -- it's what you learn in peewee football. And it's what made all the difference as Mike Jones became the last line of defense between Dyson, who represented a game-tying comeback Tennessee touchdown, and outright victory for Jones' Rams.

"When we called the play, I didn't think anyone would be in the middle of the field," ball carrier Dyson said.

"It was one-on-one," Dyson's quarterback McNair said. "It was just a matter of him breaking a tackle and getting into the end zone."

"I knew the only way (Dyson) was going to score was if I missed the tackle," defender Jones said. "And I wasn't going to miss any tackle."

And he didn't. The win-assuring tackle, like so many successes in life, resulted from an unstinting dedication to learning, practicing, remembering, and employing fundamentals. Mastering the fundamentals gets you to the big game. And occasionally it clearly makes the notable difference in securing the big victory.

Master the fundamentals for success in life. Hit 'em low. Hit 'em hard. And hold on.

REAL QUOTES FROM RESUMES / PERFORMANCE REVIEWS
(Fortune Magazine)

Quotes from resumes & cover letters:

- 1) "Wholly responsible for two (2) failed financial institutions."
- 2) "It's best for employers that I not work with people."
- 3) "Instrumental in ruining entire operation for a Midwest chain store."

Quotes taken from actual performance evaluations:

- 1) "Since my last report, this employee has reached rock bottom and has started to dig huge holes."
- 2) "He would be out of his depth in a parking lot puddle."
- 3) "This employee should go far - and the sooner he starts, the better."

Actual lines from military performance appraisals or O.E.R.S (Officer Efficiency Reports):

- 1) A room temperature IQ.
- 2) Got a full 6-pack, but lacks the plastic thingy to hold it all together.
- 3) Has two brains; one is lost and the other is out looking for it.

-- IRIS CHANG

HAPPY BIRTHDAY

Ken Walker	2/7
Scott Sangrey	2/8
Todd Barr	2/10
Jeff Boudreau	2/14
Karl Swensen	2/14
Dan Ulicny	2/15



Barry Ehlers

2/16/98

Note: If your Birthday/Anniversary information was not listed or is inaccurate, please contact the HotSheet publisher.

the HOT SHEET

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Logistics Services Grou

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QUOTE OF THE WEEK:

"THE GOOD WE SECURE FOR OURSELVES IS PRECARIOUS AND UNCERTAIN UNTIL IT IS SECURE FOR ALL OF US, AND INCORPORATED INTO THE COMMON GOOD."

-- JANE ADDAMS, SOCIAL ACTIVIST AND
RECIPIENT OF THE 1931 NOBEL PEACE PRIZE

SUBMITTED BY JAN WATSON

PROJECT POSTCARDS

MORE CHANGES AT BLOCKBUSTER

Hello from warm, sunny Dallas! As the temperatures stay steady in the seventies, several more staffing changes have occurred, staying true to the precedent KSA has set during the last 41 months at Blockbuster.

After two years with KSA, Chris Rettig has decided to attend graduate school and pursue a career in education research. Throughout her past fourteen months on the Blockbuster project, Chris has earned the respect and admiration of KSA and Blockbuster employees alike. Always balancing a full plate of responsibilities, Chris has played a large role in the Base Plus[®] implementation, Gap Analysis, Returns investigation, WMS selection, and e-commerce strategy projects. On site and off, Chris' compassion for others, warm smile, devotion to her beliefs, and sincerity make her an amazing employee, co-worker, and most of all, friend. Between Rockette shows by the campfire, Annie sing-alongs, and lunchtime debates, Chris has been someone we can all laugh with, learn from, find comfort in, and love. She will be genuinely missed by everyone she has worked with. God bless, good luck, and farewell, Chris, we know you'll have nothing but success.

At the opposite end of the spectrum, we have two new KSAers on site. Steve Knapik, a manager in the systems practice, comes to us from the Guess? project and will be spending 2-3 days on site as a key player on the WMS team. Todd Mitchell joins us after wrapping up an e-commerce project with 800.com in Portland and will be leading KSA's efforts with Blockbuster's e-commerce strategy. Todd is an alumnus of The University of Illinois, which makes him the fifth KSAer out of the last seven to join us from the Big Ten - not too shabby. Welcome to Blockbuster and the Metroplex, Steve and Todd, we look forward to sharing the delights of Dallas with you!

KSA is currently involved with the ongoing E-commerce Distribution Strategy, WMS Selection, and DVD Supply Chain Analysis projects at Blockbuster. The e-commerce progress has been steady with the investigation of system limitations and requirements and the development of basic procedures and designs. The WMS piece is in its final stretch as the team creates a comprehensive request for proposal to determine which WMS package best suits the needs of the Blockbuster DC. The DVD project has been approved as we now delve into purchasing machines for automated processing and reconstructing the sorter to apply labels to DVD's.

Stay warm y'all - Orlando is only a few months away!

-- COLLEEN MCGRAW

KUDOS

NIKE RETROFIT IN THE NEWS

Congratulations to the recent project team for the Nike Apparel DC retrofit, featured as the cover story for this month's Modern Materials Handling issue. The KSA project team of Bob Roge, Ashley Deaton, Cameron Geiger, Ashraf Eisa, Steve Osburn, Aaron Todd, Michael Barnes, Scott Vifquain, Britt Dayton, Curt Bonsib, and Andy Johnson helped Nike to design, implement, and start up the 1.2 million square foot facility in 1998 and 1999. Former KSA colleagues at Manhattan Associates, including Gary Megson, Brad Whicker, Adam Bowling, Sharon Chauncey, and Jaret Lynch, were also instrumental in the project's success

As noted by Nike in the article, the benefits of this project were:

- picking efficiency nearly doubled
- real-time WMS with paperless picking
- average throughput increase of 150% (it was actually more)
- better space utilization
- improved work flow
- ergonomics improved
- accuracy increased.

As noted in the article "Nike management has been extremely pleased with the new systems, and the increases in productivity that have resulted" and noted that "Much of the success was due to good planning throughout the project."

Nike has generously allowed several prospective clients to tour the facility to date. Please see Torre Crupie for potential further visits by prospective clients.

-- TORRE CRUPIE

ROAD WARRIOR

DAN PUREFOY GOES THE EXTRA MILE

Thanks to Dan Purefoy for his resourcefulness shown on this week's project trip to Nike's Oregon headquarters. Dan volunteered to break the tradition of the junior staff toting along the box full of presentations (after Dallas Middlebrooks got them through the Atlanta ice storm to the airport.) Weary after a five hour flight Sunday night flight to Portland, Dan unfortunately forgot to get the box out of the overhead luggage compartment, a fact he realized upon waking up in a cold sweat at 4:00 am!

Thinking quickly, Dan realized that he could not recite the presentation verbatim, and found a Kinko's a few miles away where he downloaded the presentation from his PC and made copies in time for a 7:00 am breakfast meeting. And, he was able to retrieve Rob Oglesby from a nearby hotel to join us for breakfast!

-- TORRE CRUPIE

INDUSTRY INSIGHTS

BOO.COM: ONLINE APPAREL WITH AN EDGE

(Stores Supplement: Global Online Retailing, An Ernst & Young Special Report, Jan. 2000)

boo.com went for immediate global reach – 18 countries at its start in November 1999. They are the first to make a global launch.

boo.com is also attempting to raise the bar on visual and auditory stimuli for e-shoppers through some sophisticated processing power with such features as:

- ◆ Items appear to be full and round, and some of them seem to float and cavort on the screen unlike two-dimensional images at other websites.
- ◆ Language translation
- ◆ Transactions conducted in local currencies
- ◆ Virtual personal shopper Ms. Boo (an interactive cyber figure)
- ◆ Dual-viewing allows shoppers to be on-line with live, on-line service reps who can view and advise.
- ◆ And, a virtual 3-D fitting room (men and women have separate rooms) lets shoppers go in and try on any combination of clothes and colors.

boo's edgy technology also creates business challenges. The choice to give shoppers so many ways to view every product costs the site many more dollars for each item than the tamer flatview sites. And, staying on the cutting edge of street fashion will require frequent inventory turnovers.

boo.com's goal is to be available in every country and every language. The name "boo" was selected because it has no meaning in most languages. Boo.com plans to enter 26 more countries in 2000.

FOR REGRESSION LOVERS ONLY

Neysa Colizzi (former Base Plus® guru now at Northwestern) shared the following site offering free software that really facilitates the regression and analysis process. The site also has an instruction manual. Apparently, No one can ever escape from REGRESSION!!! Essential Regression software, available for free at:

<http://www.geocities.com/SiliconValley/Network/1900/>

NOTES...NEWS...NONSENSE

NEW NFPA MANUALS & MILITARY STANDARD 105E

After reviewing the NFPA manuals for the PO, I realized that they were out of date. I have ordered new 2000 NFPA 231 and the 1999 NFPA 220 for each office. These publications deal with the installation of sprinklers and other building design issues. Also, if anyone needs to call the NFPA for questions regarding fire protection, I am now a member (membership #331705). They will not answer questions to non-members, but I believe you may use my membership number. Sometimes it is nice to have a name that is not gender specific!!

And on another note: for those of you that are unaware of the Military Standard 105E, it is a sampling procedure with tables for inspection by attributes. We use it to determine acceptance of vendor shipments based on the quality of the product. Tables in the Military Standard help us to figure out how many units we need to sample to get a good picture of the entire shipment. This standard has been replaced with the ANSI/ASQC Z 1.4.

-- GABRIELLE PYLE

WANTED: YOUR E-COMMERCE SUCCESS STORIES

We are looking for E-commerce success stories for the KSA Web site. The case study below is a sample of the type of material we are searching for:

Example: Analyzed the benefits and opportunities of centralized distribution for a leading direct marketer that owns multiple companies. This included the cost implications of new operating approaches, alternative sites and DC networks, inbound and outbound transportation, and facility shutdown. Additionally, the service implications and impact on the organization were investigated.

The facility planning and design included a new WMS, a 350-seat customer service call center, 60,000 square foot corporate office and 60,000 square foot retail outlet center.

Managed the new facility implementation during construction, training program and procedure development, equipment and systems installation and testing, operations startup, and the move in of four companies.

Assist the company improve operations in preparation for peak season, fulfillment center productivity increased over 25% within 4 months.

Please send your success story to Dan Stonaker. Client names will not be mentioned on the web site.

-- DAN STONAKER

GROWING BUSINESS ACUMEN

Our technical expertise and interpersonal skills will take us a long way towards success in our project work. Growing general business acumen is also important to guiding our clients to more far reaching business solutions. While we have our heads down solving our immediate puzzles, it is useful to keep our eye on the horizon, noting what lies ahead and building our general understanding of the business environment. Here are some suggestions for sharpening our business acumen:

- Read general business and industry periodicals (e.g., Wall Street Journal, Harvard Business Review, Fortune, Consulting News, Modern Materials Handling, Inbound Logistics, Area Development)
- Scan relevant websites (callcentermagazine.com, retail.com)
- Join professional organizations (e.g., Council of Logistics Management)
- Study business books
- Find a mentor. Work with him or her to gain a broader perspective, understand events, get feedback.
- Have lunch with people in the know. Pick their brains.
- Volunteer for task forces.
- Learn from customers. Read their mission statements, publications, PR materials. Listen to what emerges as they priorities in meetings.

-- PAM BECKERMAN

BRAINTEASER

A group of campers have been on vacation so long, that they've forgotten the day of the week. The following conversation ensues.

Darryl: What's the day? I don't think it is Thursday, Friday or Saturday.

Tracy: Well that doesn't narrow it down much. Yesterday was Sunday.

Melissa: Yesterday wasn't Sunday, tomorrow is Sunday.

Ben: The day after tomorrow is Saturday.

Adrienne: The day before yesterday was Thursday.

Susie: Tomorrow is Saturday.

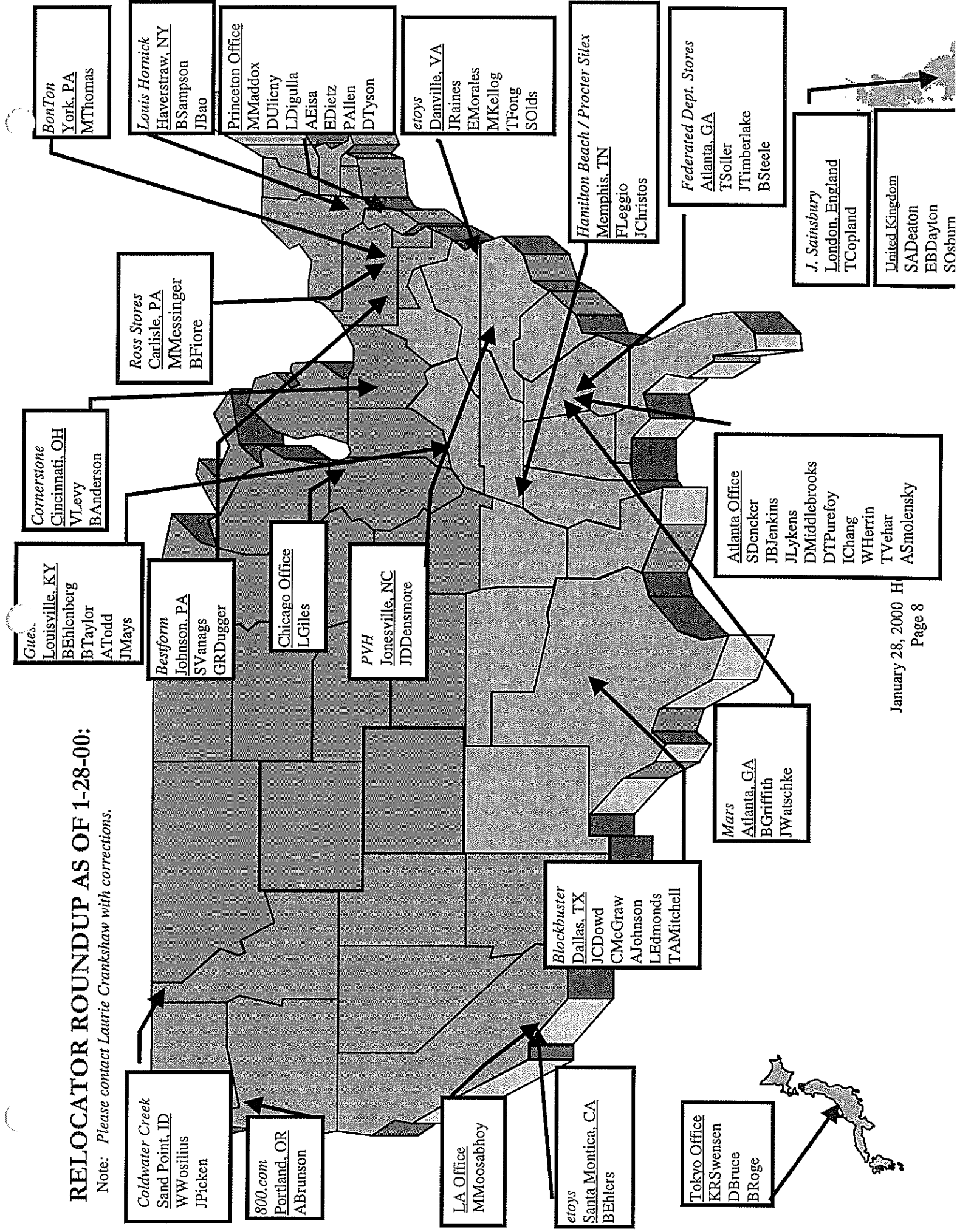
David: I know that the day after tomorrow is not Friday.

If only one person's statement is true, what day of the week is it? (*Answer at the end of the HotSheet.*)

-- DANA BROCK

RELOCATOR ROUNDUP AS OF 1-28-00:

Note: Please contact Laurie Crankshaw with corrections.



HAPPY BIRTHDAY

Suzanne Judd

2/5



Al Sambar

2/1/95

Andrea Brunson

2/1/99

Jon Watschke

2/2/98

ANSWER:

It is Wednesday. If it was any other day of the week, more than one statement would be true. To solve the riddle, evaluate each person's statement and write down what day it could be according to the statement. David's statement indicates it could be any day of the week except for Wednesday. When you list the days that it could be according to everyone's statement, it turns out Wednesday is the day mentioned only one time.

Darryl: Sunday, Monday, Tuesday, or Wednesday

Tracy: Monday

Melissa: Saturday

Ben: Thursday

Adrienne: Saturday

Susie: Friday

David: Sunday, Monday, Tuesday, Thursday, Friday or Saturday

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QUOTE OF THE WEEK:

"THE COMMUNITY AS A WHOLE DOESN'T LISTEN PATIENTLY TO CRITICS WHO ADOPT ALTERNATIVE VIEWPOINTS. ALTHOUGH THE GREAT LESSON OF HISTORY IS THAT KNOWLEDGE DEVELOPS THROUGH THE CONFLICT OF VIEWPOINTS. -

"

-- WALTER GILBERT

INDUSTRY INSIGHTS

NIKE TELLS ASK JEEVES TO JUST DO IT ONLINE --

ASK JEEVES CHOSEN TO ENHANCE NIKE'S ONLINE CUSTOMER EXPERIENCE

(Business Wire, January 18, 1999)

Ask Jeeves, Inc. is a leading provider of question answering service for consumers and companies on the Web. They also support shopping advising, live help services and reporting analytics to increase sales, reduce offline support costs and improve customer loyalty. Nike, Inc., has announced that it is deploying The Ask Jeeves Corporate Service to increase online customer satisfaction and facilitate e-commerce.

The "Ask Nike" partnership brings the international super brand to Ask Jeeves client roster solidifying its reputation as an innovative leader in online customer service. By subscribing to Ask Jeeves' intuitive Question Answering Service, Nike plans to bring the outstanding level of customer service found in the NikeTown retail stores to its online customers.

"Ask Nike" provides a user friendly online experience to answer consumer questions on the Web site's front page, just as a sales clerk would greet a customer at the front door of a store," said nike.com logistics director Sam Bradach. "Ask Jeeves Corporate Service gives us a broader range of options to manage customer care. We expect it to become an important component of the Nike online customer experience."

Featured on Nike.com's homepage to respond to customer service questions, the just launched "Ask Nike" service is already receiving approximately 1,500 questions a day, answering queries such as "Where can I find a NikeTown Store?" and "What is the Nike.com return policy?" Nike.com has also incorporated Ask Jeeves' Corporate Service into its groundbreaking "Nike iD"

interactive footwear design engine. As Nike iD customers design their unique Nike shoe, they can ask questions such as "Can I design a shoe that has Air-Sole cushioning in the heel?" and "How can I add my own personal identification to my Nike iD running shoe?" and receive immediate answers.

As part of its services for nike.com, Ask Jeeves will gather valuable customer information by analyzing frequently asked questions and providing detailed reports. nike.com will be able to use that information to improve customer service, enhance Web content and to direct product development, distribution and marketing efforts.

COMMERCIALWARE AND MANHATTAN ASSOCIATES PARTNER TO PROVIDE RETAIL COMMERCE AND SUPPLY CHAIN LOGISTICS SOLUTION INTEGRATED ORDER
(PRNewswire, January 17, 2000)

CommercialWare, Inc. and **Manhattan Associates** announced a partnered effort to provide integrated, end-to-end e-fulfillment solutions targeted at retailers, e-tailers and direct marketers. With the integration of CommercialWare's Mozart(R) and Manhattan Associates' PkMS(R) Warehouse Management System, customers will be able to leverage the maturity and experience of industry-leading order management, fulfillment, warehousing, transportation management and customer service capabilities across multiple customer channels -- Web, phone, fax, mail or kiosk. Customers already benefiting from this relationship include **J. Jill**, **Patagonia**, **Cornerstone** and others.

Comprehensive Solution for Multi-Channel Retail Commerce A successful retailer, e-tailer or direct marketer must be able to interface with, and service the customer in any way the customer needs to be serviced. With CommercialWare's integrated, multi-channel order management and fulfillment system, retailers can provide uniform interaction with the customer -- via the Web, phone, fax, mail or kiosk. With Manhattan Associates' warehousing and transportation management solutions, companies can now extend the reach of integrated e-fulfillment to new levels, optimizing supply chain logistics to enhance distribution efficiencies through the integration of all supply chain constituents.

"With strong emphasis on the fulfillment aspects of e-tail commerce, the Internet has placed new demands on retailers and direct marketers. By joining forces with Manhattan Associates, we can provide our customers with solutions that meet their multi-channel retail/e-tail commerce and related supply chain logistics needs -- dramatically improving e-fulfillment cycle times," said Amish Mehta, president and CEO, CommercialWare, Inc. "Multi-channel supply chain management is the key to running a profitable business and satisfying the consumer."

"The alliance with CommercialWare allows us to marry our industry-leading e-fulfillment expertise and functionality with CommercialWare's powerful Internet-based order management technology to offer the marketplace a true, 'end-to-end' Order Fulfillment System -- OFS," said Richard Haddrill, president and CEO of Manhattan Associates.

"This type of partnership is what the industry needs more of," said Randy Dow, vice president of the J. Jill Group. "By working together, CommercialWare and Manhattan Associates have provided us with the supply chain solution we require to run our business efficiently and build customer loyalty. Their combined solution has also allowed us to expand into the multi-channel marketplace, most recently through retail stores."

INVENTORY ACCURACY YOU CAN COUNT ON

(Article taken from APICS, The Performance Enhancement, Publication, January 2000)

To secure inventory accuracy, continuous efforts and monitoring are critical. Tangible and intangible assets must be documented and reported accurately. But this basic philosophy recently has taken a backseat to a new opportunities resulting from expansion in industrial technologies.

Today, companies display banners outside their facilities announcing ISO registration. Customers impose Just-in-Time manufacturing and request supplier participation to ensure it's adopted. Others undertake the practices of supply chain management, promising a continuous flow of quality products and services. And nearly everyone has forgotten that none of these techniques is worth the effort unless accompanied by accurate inventories.

An active and stringent cycle-counting program offers the best method for validating inventory process and ensuring accuracy. Many inventory supervisors shy away from instituting and establishing cycle-counting programs, fear initial results will initiate a program that may be interrupted by various influences, including lack of management support or steady priority. And employees often don't understand that falling modestly on the low end of the scale is acceptable – so long as gain occurs every reporting period thereafter. In a cycle-counting program, continuous improvement is key to success.

The basic practice of cycle counting simply is enabling a small number of parts to be counted daily or weekly depending on the application and available resources. Those personnel most familiar with the parts, process, and techniques are responsible for counting the parts. Most failures in cycle counting or annual physical inventories are caused by personnel who are either unfamiliar with the parts or the process, or are untrained in performing those tasks. The outcome is unreliable results and, in many cases, the creation of additional errors. A well-trained employee's main goal is not so much to discover errors and make corrections, but to identify the root cause of the error and initiate corrective action to prevent the same type of error from occurring in the future.

First Step: Categorize parts.

Most cycle-counting programs are composed of four distinct groups:

#1 Control Group. These are components counted at the same time each week. This repetition establishes a short audit trail, one week long at best. The cycle counter can review the transaction that took place during the entire week, discover the error, and correct it. The control group must

include the same parts counted each week. In this way, workers can discover and correct all errors, fully understand why the errors occurred, solve the problems, and take action to ensure similar

conditions don't occur again. Once the accuracy of the control group reaches 100 percent and remains stable for at least four weeks, the item in that group would change.

#2 High-Value Group

Because 20 percent of the parts in inventory typically constitute 80 percent of the aggregate value of all products in storage, selecting a number of high-value components to be counted each week is essential. Based on the ABC analysis, all of these items are from the A classification. And even though the parts themselves could change weekly, the overall selection of the components always must be from the high-value group. Due to the cost of these parts, exercise urgency when inaccuracies are found to ensure a long-lasting corrective action can be implemented.

#3 Fast-Moving Group

These are items with the highest turns. Because numerous transactions affect them while moving in and out of the stock room, errors also are high. The makeup of the fast-moving category can be from any of the three inventory classifications.

#4 Random Group

Based on a pre-determined criterion, a computer program can select a number of parts at random. These parts can be either A, B, or C components and may even be slow moving. However, when selected, they are counted and reviewed for accuracy. The virtue of the random group is that it is completely unbiased.

Second Step: Take Action

Once the cycle-counting process is complete, compare the quantity that should be on hand with the quantity actually found. Base quantities on number of parts only and/or parts by quantity and location. If all records match, no action is necessary. However, if you discover inaccuracies, select knowledgeable employees to follow the audit trail to discover the root cause of the problem.

Then, announce the results. This can be done in a weekly memo to senior executives and staff, in a cycle-counting chart hung in a visible high-traffic area in or around the stock room, or at a weekly or monthly employee meetings. Make sure charts are up-to-date. An interruption in reporting could damage the program and render it ineffective. Once a cycle-counting program takes effect, it should be continued at any cost, regardless of the level of achieved accuracy.

A word of caution: Be careful not to use data to condemn the guilty or punish employees who committed the most errors. The goal of making the results known is simply to promote awareness of the importance of continuous improvement.

Once committed, errors must not be repeated again. If learning doesn't take place, no improvement is possible, rendering the entire process a waste of time, effort, and money.

Final Step: Reward Achievement

Eliciting management support must come from within the team. Eventually, someone will step up and recruit a champion, or sponsor, who visits the stock room daily to review the cycle-counting

charts. This individual must be a recognized leader within the executive ranks who will keep management aware of the cycle team's accomplishments. The sponsor also might help establish a

recognition or reward system for employees who meet their goals. This leads to visibility, acceptance, success, and positive results.

To ensure a successful cycle-counting program, manufacturers must first:

Establish an item master file for each unique part. The file contains independent data to distinguish the part from any other and includes, but is not limited to, a unique part number, description, unit cost, etc. If a specific part is drawn from storage to undergo further assembly and then returned to inventory, it must be assigned a new part number that contains different characteristics and will have an obviously higher cost.

Institute procedures to identify incoming materials. These include counting incoming materials before they enter the stock room; ensuring that the correct order number, if applicable, is credited; and placing them in appropriate and define locations within the facility.

Give care and training to loading the data into the system and/or scanning it on time, thus assuring timely updating. When audit tracking isn't done properly and in a timely fashion, audit tracking becomes impossible and inaccurate. As they follow these steps, ensure personnel responsible for the process have the appropriate tools, such as accurate scales, appropriate measuring techniques, and adequate working conditions.

Properly train personnel prior to starting the program. Make sure they understand the concept and methods via a clear explanation of the objectives. Employees must be capable of reading, writing, calculating, and understand their responsibilities so they can take ownership of the project and take pride in succeeding.

Establish standards to ensure personnel are held accountable for their performance. Measure progress and provide the necessary feedback, whether positive or negative.

Promote teamwork; no one person alone can perform all functions. Support, guidance, and unselfish attitudes must prevail at all levels. With the type of work, people are called upon to band together for the purpose of identifying goals, organizing an action plan, and working diligently and intelligently to achieve the desired results.

NOTES...NEWS...NONSENSE

NEW TWIST ON OLD EXPRESSIONS

- » The journey of a thousand miles begins with a broken fan belt and a leaky tire.
- » It's always darkest before dawn. So if you're going to steal the neighbor's paper, that's the time to do it.
- » Never test the depth of the water with both feet.
- » It is far more impressive when others discover your good qualities without your help.
- » If you lend someone \$20 and never see that person again, it was probably worth it.
- » Taxation WITH representation isn't so hot either....
- » Some days you are the bug, some days you are the windshield.
- » The quickest way to double your money is to fold it in half and put it back in your pocket.
- » Before you criticize someone, you should walk a mile in his or her shoes. That way, when you criticize them, you're a mile away and you have their shoes.
- » The problem with the gene pool is that there is no lifeguard.

-- TROY VAN WORMER

DOTCOMGUY: A CYBERSPACE ODYSSEY . . .

(Knight Ridder Newspapers, January 3, 2000)

Truly wired Web surfers have suggested that all they need to survive is a high-speed Internet connection, a computer, and a credit card. A 26-year-old Dallas native intends to prove just that. Meet DotComGuy. He was to enter an empty house with only a donated laptop computer and an Internet connection at noon on Jan. 1.

In a marketing stunt that would have made P.T. Barnum proud, he intends to live exclusively off purchases made on the Internet for a year. He says he will not leave the house. And in a twist reminiscent of the films "EdTV" and "The Truman Show," the world will be able to watch DotComGuy's adventure 24 hours a day, seven days a week on www.dotcomguy.com via a streaming video Web cast. The point for DotComGuy and his corporate sponsors is to demonstrate the usefulness and reliability of e-commerce.

DotComGuy and his sponsors have established these ground rules:

- He must buy everything he needs over the World Wide Web.
- He can leave the house and grounds only in the event of a serious illness or death in his immediate family.
- He may go outside, but only to his back yard. (The yard is large, with a creek running through it.)

- He can have visitors.

Gateway is providing his computer and other sponsors -- who call the project "clever," "edgy," and "pretty strange" -- include KDGE/94.5 FM, a radio station; Mall.com; Net.B@k; and Peapod.com, a grocery service. "It may attract a lot of consumers, based on the novelty," says Amy Larson, senior loyalty marketing manager at Peapod.com.

Mall.com jumped on board after an impromptu meeting with the DotComGuy founders in October at the Mall.com 500 Indy-car race in Fort Worth, Texas. Critcher, who will produce the 24-hour Web cast, says the project gave Mall.com a way to increase exposure while educating consumers on how to use its site.

Sitting in a house for a year may make some people stir-crazy, but at least DotComGuy will be well-paid. His first monthly check will be only \$24. But the amount will double each month as an incentive to stay. If he makes it through December, DotComGuy will be paid a total of \$98,280. DotComGuy says it was necessary to live in the house for a year to demonstrate that the Web goes beyond shopping for groceries.



TRAVEL TIPS

ORDERING TAKE OUT FROM YOUR HOTEL ROOM

(Frequent Flyer, January 2000)

You're grounded in a motel. You're hungry, but you have too much work to leave your room. The motel doesn't offer food service, so what do you do?

Steer your laptop to the Internet and call up Food.com, which takes delivery and takeout orders on line for restaurants throughout the U.S.

Just type in your motel's zip code and Food.com can steer you to participating restaurants.

HAPPY BIRTHDAY

Raia Wielandy	1/26
Mark Messinger	1/29
Steve Roberson	1/30
Mufadal Moosabhoy	1/30



Chris Davis	1/25/95
Todd Mitchell	1/29/96

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Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THIS TIME, LIKE ALL TIMES, IS A VERY GOOD ONE
IF WE BUT KNOW WHAT TO DO WITH IT."

-- RALPH WALDO EMERSON

PROJECT POSTCARDS

GUESS? GOES LIVE IN KENTUCKY

It all began in the early 1990s. Mohsen Moazami's dream was to have a premier management consulting firm provide services to a premier denim company in the USA: Guess? Inc. Although interest in a state of the art logistic system was strong, the timing was not quite right.

Fast-forward to present day — in February 1999, Mohsen recruited Bob Smith along with Jeff DeRuiter and Aaron Todd to help Guess? oversee their long-range logistics strategy.

In April 1999, the logistic strategy project ended and the design implementation project began with one swift and decisive decision: Guess? will be out of their current DC by April 2000. With a deadline and three possible DC locations, Memphis, TN; Columbus, OH; and Louisville, KY; KSA was tasked to design, implement and start up a new "world class" DC in eight months. The Guess? project team rose to the challenge and developed a project schedule that streamlined the process without sacrificing quality. The team accomplished this by partnering with preferred vendors, like Manhattan Associates and Design Conveyor Systems. Under the leadership of Bob Smith and Robert Camarena, Guess's VP of distribution, the Guess? project team developed a plan to complete MHE installation by middle December 1999 and then integrate testing through January 2000. This week we finished right on schedule.

Guess? shipped their first order from their new Louisville DC. 162 units of boy's jeans and shirts were shipped to a happy customer on the first day orders were dropped to the DC.

Team celebrations were held in both Louisville, KY and Los Angeles, CA.

The ramp up continues through the week with a total of 20,000 units being shipped by week's end. The goal is to ship 100,000 units per day by the end of March. With 11 weeks of ramp up remaining, the Guess? team will be very busy on many projects in both Kentucky and Los Angeles.

Statistics

45 battery operated trucks	Crown
3.1 miles of conveyor	DCS / HK
Racking with 5,000,000 unit capacity	WEI West
State of the art WMS/RF systems	PkMS / Symbol
500,000 sq. ft. building	Summit Construction

Congratulations to Scott Vifquain, Steve Knapik, Brian Ehlenberg, Aaron Todd, Brad Taylor, Jon Mays, Jason Christos, and Jill Mazur for an excellent job for a very demanding project. The results of their good work have led to five additional projects at Guess?, and hopefully, many more.

-- AARON TODD, BRIAN EHLENBERG
& BOB SMITH

INDUSTRY INSIGHTS

ONLINE REVENUES AND DAMAGE CONTROL UP FOR THE HOLIDAYS

(Min's New Media Report, Vol. 6, No. 1 January 4, 2000)

Reality caught up with online hype this holiday buying season, producing a mixed bag of news for e-tailers. The first reports show most vendors meeting common expectations for a breakthrough year in online sales (double 1998, by most counts), while public and press response to many e-commerce snafus overshadowed some of this success. Early tallies of sales and customer satisfaction surveys suggest vendors have a number of bridges to mend before e-commerce gains full consumer confidence.

While final holiday figures won't be in until late January, IDC's snapshot poll of 50 top e-tailers on Dec. 13-15 shows that 29% claimed sales already had exceeded expectations, while 55% reported their revenues met the aggressive forecasts. About one in four saw revenues jump over 100% from the same period last year, with half up over 60%.

E-Shopping Habits Emerge

AOL, a bellwether of general consumer shopping attitudes, reported that by mid-December, its Shopping channel had attracted more than three times the traffic it enjoyed in the 1998 holiday season, with a 50% jump in consumer spending. AOL and other sources are beginning to paint our first reliable portrait of the gift-buying consumer online. Nielsen/Netratings reports that Dec. 12 is the online D-Day, the busiest traffic period for e-commerce sites, as most users are anticipating product fulfillment delays and finish their Web shopping. The online buying season seems to precede offline-buying habits perhaps by a week, the numbers suggest. E-commerce site traffic rocketed soon after Halloween this year, Nielsen says, with the largest percentile spike (up 11%) in the last week of November. Key goods categories and buying venues dropped off significantly in

the week after Dec. 12, however: gifts (- 20.9%), toys (-14.0%), malls (- 12.2%), apparel (-8.5%). Clearly, vendors need to move quickly into an alternative mode after Dec. 12, perhaps pushing overnight delivery guarantees and gift certificates.

A Failure to Communicate

Among the reported lapses for e-tailers this holiday, many sites fell down in keeping the user informed about the status of orders. Companies should take note that traffic at FedEx and UPS sites was up dramatically in the final week before Christmas, as e-shoppers clearly need to know what is happening with their orders. Apparently, they had good reason to worry.

Inexperienced companies and untried fulfillment systems produced some ominous downside numbers in December. Andersen Consulting did its own hands-on test during the week of Dec. 3 - Dec. 10, ordering 480 items from 100 sites. Only 350 of these transactions were completed, however, because of site failures, the company reports. Informing users whether items are in-stock was at the heart of many problems. About 44% of Web-only sites were able to give real-time stocking information, while only 40% of traditional brands and 37% of catalog companies could.

According to IDC, 39% of vendors reported that new customers were experiencing some difficulty navigating their sites, while 31% had traffic exceeding capacity at some point. Worse still, 29% experienced problems in order processing. CondeNet and perhaps other magazine sites, got burned by fulfillment house Centrobe, which mistakenly billed between 5,000 and 7,000 customers for Conde Nast magazine gift subscriptions they never ordered. The problem occurred between Dec. 10 and Dec. 14, but Centrobe could not determine by Christmas how many people were affected by the problem.

Perhaps the scariest aspect of this year's e-commerce experience, however, was the intense resentment users felt when the system let them down. The Toys 'R Us debacle, in which many buyers were informed only at the last minute that purchases would not arrive on time, became emblematic of poor communications skills and broken promises even among the most reputable sellers. In a spot survey of online buyers this season, customer support provider PeopleSupport found nearly a third were ticked off enough to avoid shopping again at sites that failed them. Fully 19% of customers say that two or more sites earned their ire this Christmas, and 22% did not make an intended purchase because vendors could not respond to online queries fast enough or at all. IDC's survey of e-commerce executives found that 25% lacked enough live support.

ONLINE SHOPPING PEAKS SECOND WEEK OF DECEMBER -- TOP 25 E-COMMERCE SITES OVERALL FOR HOLIDAY SHOPPING SEASON

(Business Wire, January 3, 2000)

Media Metrix the leader and pioneer in Internet and Digital Media measurement worldwide, announced that the number of visitors to e-commerce sites was highest the second week of December (week ending 12/12/99) and released the top 25 overall e-commerce sites for the five-week holiday shopping period from Thanksgiving to Christmas. E-commerce traffic

increased 27 percent during Christmas week (week ending 12/26/99) compared to the same week last year (week ending 12/27/98). Top unique visitor growth categories included greeting card and gaming sites which increased significantly during Christmas week, according to Media Metrix.

"The third week of the shopping season – the week ending Dec. 12 – was the climax of the shopping season, when the largest increase in visitors to shopping sites occurred," said Doug McFarland, Sr. Vice President and General Manager of Media Metrix.

Top 25 e-commerce sites for the 5-Week holiday shopping season November 14 through December 26, 1999. Rank site average visitors in 000s for 5 weeks of holiday shopping season-11/22-12/26:

- | | |
|------------------------------|-------------------------------|
| 1. Amazon.com 5,693 | 14. Bonzi.com 674 |
| 2. ebay.com 4,073 | 15. Americangreetings.com 638 |
| 3. etoys 1,662 | 16. Beyond.com 623 |
| 4. Barnesandnoble.com 1,522 | 17. Shopnow.com sites 619 |
| 5. Toysrus.com 1,486 | 18. Ticketmaster 597 |
| 6. Buy.com 1,427 | 19. Jcpenney.com 594 |
| 7. Cdnw.com 1,416 | 20. Dell.com 582 |
| 8. egreetings.com 1,116 | 21. Overstock.com 549 |
| 9. Expedia 1,019 | 22. Compaq.com 522 |
| 10. Travelocity.com 934 | 23. Shopping.com 515 |
| 11. Egghead.com sites 900 | 24. Columbiahouse.com 513 |
| 12. Kbkids.com 799 | 25. Priceline.com 500 |
| 13. Bmgmusicsservice.com 782 | |

GETTING THE MOST FROM PLANNING TECHNOLOGIES *(Supply Chain Management Review, Winter 2000)*

By lowering supply chain costs or increasing revenue through improved customer service, supply chain planning technologies have become a crucial element of supply chain strategy. With these advanced solutions, returns on investment can be tremendous and payback periods can be as short as six months. Typically, companies can reduce inventory and improve customer service when they improve supply planning and demand forecasting. In addition, better planning and forecasting enables fuller use of existing resources, so companies can consolidate plants and distribution centers effectively. Supply chain planning technologies also can enable strategic changes, such as modifying the supply chain network or enabling outsourcing of transportation and warehousing.

Obstacles to Achieving Full Benefits

There are, of course, implementation risks to achieving these kinds of benefits. Some companies implementing supply chain planning technology limit their motivation merely to automating operations or to upgrading legacy systems. In addition, companies often underestimate the

business changes that will required or overestimate their capacity to manage change. Some choose software that does not fit the complexity (or simplicity) of their business processes or does not cover the needs of different product lines. They may inadvertently create a confusing collection of different planning systems with over lapping functionality. Or they may aim for excessive customization, which not only increases initial costs but also limits future flexibility.

A Framework for Creating a Supply Chain Planning Blueprint

By creating and sharing a formal planning blueprint, managers can reduce these risks and extract more benefits from planning technologies. Such a blueprint should show how planning processes will be mapped to planning technologies. A framework that uses models – that is, the representation of planning process elements in the planning technologies – can be quite useful both for communication and subsequent implementation. A modeling framework is proposed in the following chart.

Elements of the Modeling Framework	
Key challenges & opportunities	The planning process should address the key challenges and opportunities. This is the connection to supply chain strategy.
Decision variables	Decision variables are the “output” of the planning process – for example, the quantity to produce at a particular plant in a particular time period in the future.
Decision horizon	The decision horizon should incorporate the time needed to put the supply chain plan into action (including lead-times), incorporate management’s strategic view, and allow adequate time to react to forecast business changes and modify plans.
Time bucket	A time bucket is the appropriate unit of time for the analysis in the planning process: days, weeks, months, or even quarters, depending on the need.
Product aggregation & selection	Product aggregation refers to the appropriate level in the product hierarchy, for example, SKU level or product family level. Product selection refers to the selection of products, components, and raw materials that are key to the planning process in determining the decision variables.
Geography aggregation & selection	Geography aggregation refers to the grouping of customer and supply nodes in the supply chain; for example, all customers in a region may be viewed as one source of demand. Geographic selection is the choice of those
Constraints	Constraints are the inherent limitations of the supply or demand process that cannot be violated under any circumstance (hard constraint) or can be violated at a large cost or penalty (soft constraint). The same constrains can be soft or hard depending on the decision horizon.
Objective(s)	Objectives are the variables that the planning process is trying to minimize or maximize; for example, a supply planning process may seek to minimize the total manufacturing, purchasing, and transportation cost for a supply chain.
Inputs & parameters	Inputs change for different scenarios – for example, demand. Parameters describe policies such as time for which the production plan is frozen and, therefore, remain the same under different scenarios following the same policy.
Use	This element of the model describes how the planning process will use the model (and the planning technology) to meet the objective(s) and address the key challenges and opportunities.

VENDOR VITTTLES

QAD: QAD OFFERS IMPROVED E-COMMERCE APPS WITH GREATER FLEXIBILITY AND CUSTOMIZATION CAPABILITIES

(M2 Communications, January 4, 2000)

QAD, a leading developer of industry-specific e-business solutions for manufacturers and distributors of all sizes, with special focus on the mid-market, announced the availability of improved versions of its B2B and B2C e-commerce applications for its core enterprise solution, MFG/PRO. These applications extend secure, scalable buying and selling functionality over the Web and also provide greater flexibility and customization capabilities. QAD software, available in 26 languages and able to support multiple currencies, helps speed business processes at more than 4,500 licensed sites in over 80 countries. The software is specifically designed for global manufacturers in such industries as consumer products, electronics, food & beverage, industrial, medical products, and automotive

“Companies who deliver first on the e-business ‘value chain’ will be in the best position to move ahead of their competitors,” said Pam Lopker, president and chairman of QAD. “QAD’s B2B and B2C e-commerce applications allow our customers to do business with their trading partners in a more comprehensive way than ever before, resulting in decreased time to market and reduce costs while reaching a broader community of users.”

In today’s highly competitive economy, companies are looking for innovative, cost-innovative methods to stimulate new sales, create new sales channels, increase market share and enhance profits through improved production. Together, QAD’s B2B and B2C e-commerce applications help companies achieve this by expanding their businesses online and by enhancing their customer relationship management initiatives.

QAD e-commerce applications offer customers and trading partners comprehensive real-time sales order and inventory management capabilities including order fulfillment, authorizations, automated tax and shipping calculations, and robust reporting capabilities. By extending instantaneous access to MFG/PRO information and exchanging critical data throughout the enterprise, QAD’s B2B and B2C e-commerce provide continuous connections to customers and trading partners.

The open, scalable architecture of the B2B and B2C e-commerce applications make them cost-effective, easy to manage and easy to adjust to the changing requirements of businesses and their trading partners.

THE BEST WAREHOUSE NETWORKS

The networks are "best" because they are the lowest possible average distance to the US population.

THE 10 BEST WAREHOUSE NETWORKS FOR 1999

Warehouse Networks Closest to the US Population

Number of Warehouses in the <u>Network</u>	Shortest Average Distance to the US Population (<u>Miles</u>)	<u>Best Warehouse Locations</u>		
ONE	859	Terre Haute, IN		
TWO	490	Chillicothe, OH	Fresno, CA	
THREE	378	Allentown, PA	Paducah, KY	Fresno, CA
FOUR	322	Caldwell, NJ Stockton, CA	Cincinnati, OH	Dallas, TX
FIVE	268	Summit, NJ Dallas, TX	Macon, GA Stockton, CA	Gary, IN
SIX	241	Summit, NJ Dallas, TX	Macon, GA Alhambra, CA	Gary, IN Oakland, CA
SEVEN	222	Summit, NJ Dallas, TX Tacoma, WA	Macon, GA Alhambra, CA	Gary, IN Berkeley, CA
EIGHT	204	Summit, NJ Chicago, IL Berkeley, CA	Asheville, NC Dallas, TX Tacoma, WA	Lakeland, FL Alhambra, CA
NINE	189	Summit, NJ Chicago, IL Long Beach, CA	Gainesville, GA Dallas, TX Berkeley, CA	Lakeland, FL Dallas, TX Tacoma, WA
TEN	174	Newark, NJ Akron, OH Denver, CO Tacoma, WA	Gainesville, GA Chicago, IL Long Beach, CA	Lakeland, FL Dallas, TX Berkeley, CA

PREPARED BY: CHICAGO CONSULTING • 8 SOUTH MICHIGAN AVENUE • SUITE 3600 • CHICAGO, IL 60603-3322 • (312) 346-5080

-- GABRIELLE PYLE

NOTES...NEWS...NONSENSE

ANAGRAMS

Anagrams are words or phrases made by re-arranging the letters of another word or phrase. Here are some clever anagrams:

<u>Word</u>	<u>Re-arrangement</u>
Dormitory	Dirty Room
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
Astronomer	Moon Starer
Princess Diana	End Is a Car Spin

-- MIKE SWIFT

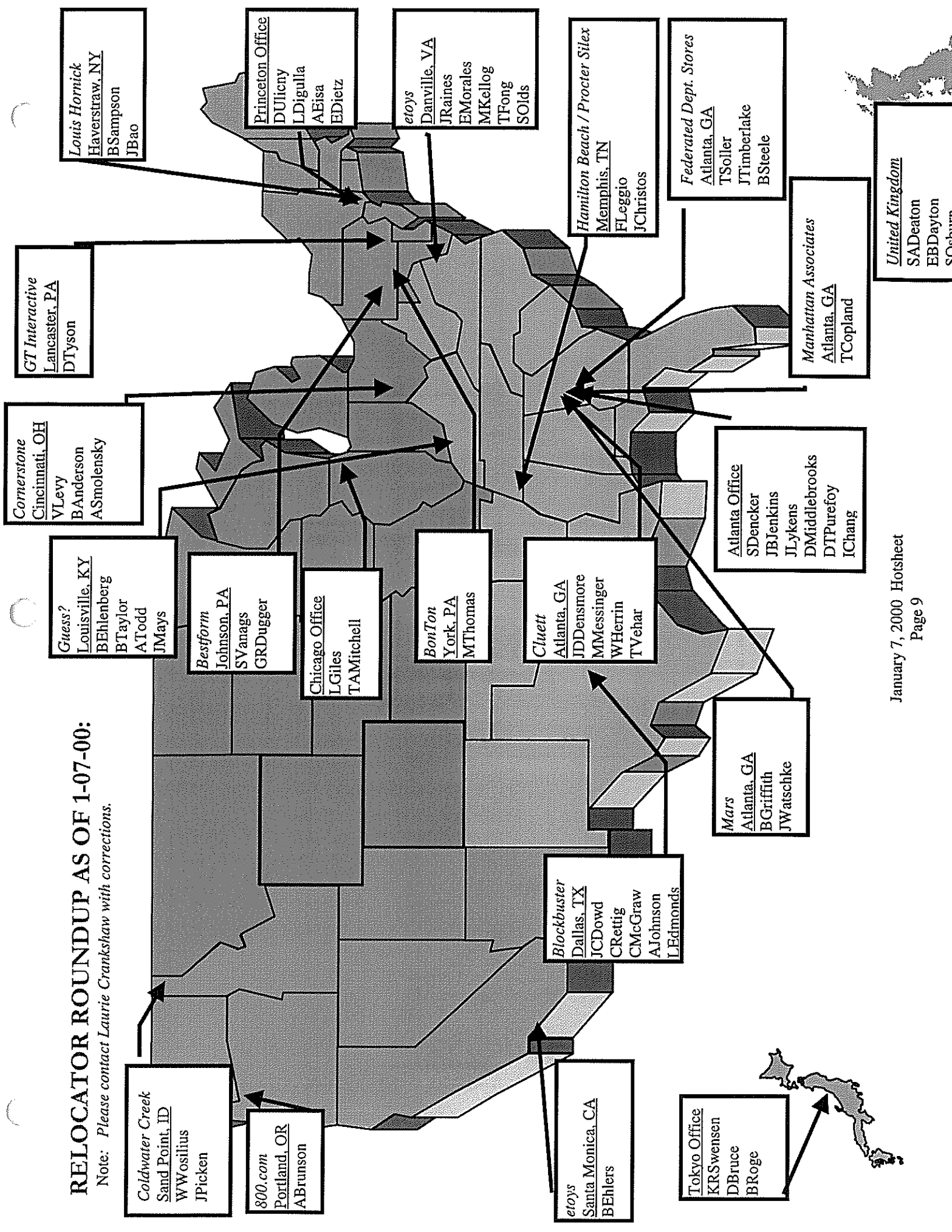
THE WORLD'S SHORTEST TRAVEL BOOKS:

1. Great Airport Restaurants
 2. Why Traveling with Babies is Fun!
 3. Lavatories That Don't Smell
 4. Recipes for Those Tiny Bags of Peanuts
 5. Airlines that Never Lose Your Luggage
 6. Who Makes those Comfortable Airplane Pillows?
 7. A Complete List of People Who Have No Trouble Putting Their Belongings in the Overhead Compartment
 8. Job Security for Travel Agents
 9. Easy to Understand Exchange Rates
 10. Airports That Don't Gouge You For Parking
 11. The Joy of the Middle Seat
- and the shortest book of all:
12. Jokes to Tell Customs Officials

-- PAM BECKERMAN

RELOCATOR ROUNDUP AS OF 1-07-00:

Note: Please contact Laurie Crankshaw with corrections.



HAPPY BIRTHDAY

Mike Swift	1/11
Lori Digulla	1/11
Raj Kumar	1/15
Michael Kellogg	1/15



Cameron Geiger	1/8/96
Jan Watson	1/9/96
Chris Merritt	1/11/88
Karl Swensen	1/11/88
Laurie Crankshaw	1/11/99
Marc Bessho	1/12/98
Dave Rush	1/13/86

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Editor: Suzanne Judd

Logistics Services Group

Connect to the Intranet: <http://webstage/intranet>

QUOTE OF THE WEEK:

"THE GREATEST DISCOVERY OF MY GENERATION IS THAT HUMAN BEINGS CAN ALTER THEIR LIVES BY ALTERING THEIR ATTITUDES OF MIND. "

-- WILLIAM JAMES (1842--1910)
AMERICAN PHILOSOPHER, PSYCHOLOGIST,
& EDUCATOR

INDUSTRY INSIGHTS

HOLIDAY TILLS FILLED WITH \$7 BILLION

(Tech Web, January 8, 2000)

Consumers spent some \$7 billion dollars online during the 1999 holiday shopping season, Jupiter Communications said Thursday.

Consumers not only spent a record amount online, but they were pleased with the experience, said Jupiter, a New York market researcher. Jupiter released the results of a survey of 810 online shoppers conducted after Christmas.

"The name of the game this season was to dazzle new shoppers to become shoppers for life," said Ken Cassar, a Jupiter analyst. "These numbers suggest that merchants did a surprisingly good job."

The 1999 holiday shopping season, regarded as the second year that the Internet became a viable retail channel, will be remembered for the almost-ubiquitous advertising for online companies on radio, television, print, and almost anywhere that would support a sign.

Analysts estimate Internet companies spent \$3 billion on advertising and marketing during the holidays. The ads brought traffic, but the season will also be remembered for many companies not being able to follow through with a timely delivery once customers had engaged a website and selected and paid for their merchandise.

Customers were most forgiving, Jupiter results showed. "Ninety percent of those that bought during the season were largely satisfied," Cassar said. That rate of customer satisfaction is a

critical factor as Internet retailers are largely being judged on the lifetime economic value of each customer they bring in.

Customer acquisition costs for traditional retailers are generally under \$20 per customer, established Internet retailers are paying \$40 to \$50 each, and many virtual start-ups shell out \$100 per customer and higher, according to Retail Watch, a Chicago publication.

THEY DO MORE THAN CARRY THE LOAD -- THIRD-PARTY LOGISTICS PROVIDERS EVOLVE INTO SUPPLY-CHAIN PARTNERS

(Electronic Buyers News, January 8, 2000)

When communications-equipment maker Cisco Systems Inc., decided a few years ago to streamline the supply chain between the company's San Jose plant and its European customers, it called on third-party logistics provider UPS Worldwide Logistics.

Cisco's European customers had been responsible for handling freight movement from the company's San Jose shipping dock to the final destinations. This meant, however, that Cisco's shipping area suffered from intense congestion, with more than 150 customers picking up products.

When it tapped UPS to unclog the congestion, Cisco made clear that it wanted time-definite deliveries, consistent rates from multiple European freight carriers, and online visibility from the time a product left the manufacturing floor in San Jose until it was accepted at each customer's facility.

UPS linked Cisco's Oracle-based inventory-control system to its own Logistics Management System, and integrated Cisco data with that of UPS and its European carriers. Cisco employees can now go to the UPS Worldwide Logistics Web site at any time to review and update the status of orders. Cisco now also has a single point of contact for all Europe-bound shipments, and its customers no longer have to deal with customs clearance or carrier selection, Siverts said. Cross-docking and customer fulfillment occur at UPS' European distribution center. UPS bills Cisco's European customers electronically when products are accepted, and also processes these customers' returns.

Cisco credits the UPS system with improving customer relations and giving it the ability to adjust orders in process. If an order is changed before it's delivered, UPS can intercept or reroute the shipment, and the order can be reconfigured or held until a product installation crew is available.

From deliverers to full-time partners

Cisco's experience illustrates how third-party logistics (3PL) companies have transformed themselves in the past decade from essentially freight carriers to important supply-chain partners through the provision of value-added services such as transportation planning, warehousing, inbound/outbound consolidation, and customization, noted Gordon Gilstrap, director of logistics at Hewlett-Packard Co. in Palo Alto, Calif.

In fact, 3PL has developed to the point where some electronics and other manufacturers are beginning to use the term 4PL to refer to companies without any hard assets-trucks, planes, warehouses, and the like-that contract for the logistics services their clients need and then work with other logistics companies, if necessary, that do possess such assets.

Such providers even play a role in financing the supply chain, said Gilstrap, "because they know what inventory items will be required at what quantities and delivery schedules, and can work with banks to determine what assets should be capitalized."

The evolution of 3PL from its humble beginnings is reflected in how today's revenue pie is sliced. In 1998, the transportation (air and ground package delivery) portion of the 3PL market accounted for \$6.5 billion in global revenue, while transportation management (no hard assets) is equal in size. Value-added warehouse distribution is even larger, at \$7.5 billion, according to 3PL market analyst Dick Armstrong of Armstrong & Associates Inc. in Stoughton, Wis. The overall objective of 3PL companies is to minimize the time and costs involved in transportation, warehousing, and related processes such as order entry and shipment tracking, Armstrong said.

To achieve this, 3PL companies want to help redesign the supply chain, he said. "They can reduce time by taking links out of the chain to make it shorter. And when they do that, they lower the inventory that has to be maintained, which in turn lowers costs and makes more efficient use of capital."

Major trends

Among the major trends affecting the 3PL market is vendor-managed inventory (VMI) and the development of supplier hubs, said Steve Kruk, vice president of business development at Exel Logistics in Columbus, Ohio.

"Manufacturers are telling suppliers they have to participate in hubs near the manufacturers' facilities," Kruk said. The suppliers place inventory in the hubs, which are run by 3PL providers, but the suppliers continue to own the inventory until the manufacturer needs it. VMI has been common in Europe for the past several years but has become popular in the United States only recently, Kruk noted.

Another important trend, according to Kruk, is for manufacturers to name a lead logistics provider or manager, which may not provide all the necessary logistics services directly, but will at least contract for and manage them.

"This is more cutting-edge, something that's developed over the past year," Kruk said. "Manufacturers want total visibility into their supply chains without having to invest in infrastructure themselves. What they're looking for is leverage from multiple logistics relationships, such as inbound movement and warehousing and outbound movement of shipments that are less than a truckload." 3PL companies are providing turnkey supply-chain management services that appeal mainly to small OEMs, consultant Armstrong said. But they are also offering unbundled services that include helping manufacturers and dot-com companies establish a global presence, build a supply-chain-specific IT infrastructure, and conceive and execute warehouse and

delivery strategies that can involve consolidating and configuring products to suit the needs of individual customers.

National Semiconductor Corp., for example, maintained inventory at each of its plants. When orders were received, the plants shipped product to the nearest of three National facilities serving Asia, Europe, and the Americas. Product was then shipped from these regional facilities to customer locations. Several years ago, however, National decided to outsource finished-goods deliveries to Federal Express, which set up a centralized facility in Singapore to handle the chip maker's needs. National's plants now ship product to Singapore, and FedEx takes care of all picking, packing, and shipping.

FedEx's Singapore setup has enabled National to reduce to three days, from nine to 12 days, the time required for order processing, manufacturing, and delivery, according to Kelvin Phillips, the company's director of worldwide logistics in Santa Clara, Calif.

Internet power

The work that Customized Transportation Inc. has done with a number of its customers further exemplifies how logistics is moving to the heart of the global supply chain, said Mark Morrison, vice president of business development at CTI, Jacksonville, Fla. A 3PL subsidiary of rail carrier CSX Corp., CTI cut its logistics teeth in the automotive industry, which has some of the world's most sophisticated supply-chain management systems in place, he said.

Among CTI's showcase customers is Compaq Corp., for which Morrison said CTI "has been able to wring millions of dollars out of the inbound supply chain." CTI is enabling Compaq to do essentially what competitor Dell Computer Corp. has done in streamlining its supply chain, except that Compaq doesn't sell direct, Morrison said.

To help Compaq improve its global supply chain, CTI manages 120 vendors and tracks the availability of 6,000 parts for just-in-time manufacturing. The 3PL provider has set up a 450,000-sq.-ft. warehouse just outside Compaq's Houston campus, as well as an extranet that keeps Compaq and its suppliers up to date about the status of parts and finished goods 24/7.

"The Internet is putting a premium on the ability to work across companies while keeping customers' needs in focus," Morrison said. "It's a very efficient and informed way to create an environment of trust and responsibility among suppliers, OEMs, and 3PL companies, and we'll be seeing more of it."

3PL companies are by no means alone in attempting to provide logistical support by riding the information highway. IBM Corp., for example, intends to leverage its Internet and systems-integration experience to gain business that might otherwise go to 3PL providers.

Last May, IBM formed the Supply Chain Management Solutions group at its headquarters in White Plains, N.Y. IBM's logistics strategy is to partner with best-of-class suppliers and develop a portfolio of products and services for building end-to-end supply chains, according to Michael Schwartz, the group's marketing manager. Initial partners include i2 Technologies Inc., Irving,

Texas, a supply-chain-applications software developer, and Industri-Matematik International Corp., Stockholm, Sweden, which builds pull-driven supply-chain systems.

"The alternatives up to now have been for an OEM either to buy best-in-class applications and integrate them themselves, or to buy an integrated system, in which case they have to take whatever applications the vendor has chosen, which may not always be the best," Schwartz said. "We plan to give OEMs the best of both worlds."

Another view

Harnessing the power of the Internet for more effective supply-chain management is of course important. But so is inventory management, and that is broad-line distributor Avnet Inc.'s advantage when it comes to providing value-added logistics, according to Greg Frazier, head of Avnet's Integrated Material Services unit in Phoenix.

"Manufacturers' biggest concern is having the flexibility to meet customers' needs, and for that they must have inventory available," Frazier said. "Distributors offer built-in flexibility because we have inventory and we're good at managing it," he said. "[Unlike 3PL companies], it's our core competency."

Avnet's IMS is developing other value-added services as well, such as financing, IT infrastructure, asset management, and consulting, Frazier said. And key to logistics success, he added, is a global delivery capability, which Avnet has gained through acquisitions and partnering.

Chris Nicewander, high-tech-industry marketing manager at UPS Worldwide Logistics, counters that UPS has an excellent global delivery capability. He also believes there's a diminished need for distributors.

Distributors can provide their customers with value-added services such as system configuration, but there's no longer any need for them to possess inventory and pass along carrying costs when customers can instead buy online through 3PL providers, Nicewander said.

Joining distributors in getting into the logistics market and competing with 3PL providers are contract manufacturers, according to Doug Christensen, president and chief executive of USF Logistics Inc. in Long Grove, Ill. USF occasionally faces competition from contractors offering logistics services, but Christensen suggests that the downside of a decision to hand over both manufacturing and logistics to the same company is that both operations would be affected should the relationship turn sour.

Things could also get sticky and chaotic if an OEM splits its various product lines among a number of contractors. "Someone then has to choreograph all the movements," he said. Christensen describes USF as almost completely balanced between four services: contract warehousing, transportation (USF has its own fleet), cross-docking, and reverse logistics (handling returns).

USF is also among the growing number of 3PL companies that are adopting a vertical marketing strategy. It is going after clients in retailing, consumer products, metals, and health care, in addition to the automotive and technology markets, Christensen said.

"It's increasingly important for a 3PL company not only to understand logistics, but also its clients' industries," Christensen said. "We need to stay close enough to our clients to advise them on when and how their distribution strategies need to change."

VENDOR VITLES

ERP AND SUPPLY-CHAIN VENDORS TARGET E-BUSINESS, SOFTWARE RECAST FOR THE WEB (*InformationWeek, December 27, 1999*)

SAP introduced the next version of its Web procurement application, which works with its own and other vendors' ERP software and features improved catalog-searching capabilities. The application can also be integrated with mySAP.com Marketplace. Enhancements to SAP's supply-chain management components offer improved order availability via the Web. SAP also began shipping six customer self-service.

PeopleSoft, Inc., will integrate its order-management system with procurement partner Commerce One Inc.'s Marketplace business-to-business online marketplace. The offering available with the release of PeopleSoft 8 (this year) will let PeopleSoft customers sell products on MarketSite and seamlessly provide product, pricing, and inventory information to buyers. For now, PeopleSoft is providing integration services for customers who want to link their systems with MarketSite.

Supply-chain management vendor Manugistics, Inc., will roll out a new version of its suite, which lets partners share information electronically. Manugistics Networks, available this quarter, is aimed at dot-com retailers and business-to-business online-trading communities.

NOTES...NEWS...NONSENSE

VOCABULARY BUILDERS

1. **AQUADEXTROUS** (ak wa deks' trus) adj. Possessing the ability to turn the bathtub faucet on and off with your toes.
2. **CARPERPETUATION** (kar' pur pet u a shun) n. The act, when vacuuming, of running over a string or a piece of lint at least a dozen times, reaching over and picking it up, examining it, then putting it back down to give the vacuum one more chance.
3. **DISCONFECT** (dis kon fekt') v. To sterilize the piece of candy you dropped on the floor by blowing on it, assuming this will somehow 'remove' all the germs.
4. **ELBONICS** (el bon' iks) n. The actions of two people maneuvering for one armrest in a movie theater (airplane).

5. *FRUST* (frust) n. The small line of debris that refuses to be swept onto the dust pan and keep backing a person across the room until he finally decides to give up and sweep it under the rug.
6. *LACTOMANGULATION* (lak' to man guy lay' shun) n. Manhandling the "open here" spout on a milk container so badly that one has to resort to the 'illegal' side.
7. *PEPPIER* (pehp ee ay') n. The waiter at a fancy restaurant whose sole purpose seems to be walking around asking diners if they want ground pepper.
8. *PHONESIA* (fo nee' zhuh) n. The affliction of dialing a phone number and forgetting whom you were calling just as they answer.
9. *PUPKUS* (pup'kus) n. The moist residue left on a window after a dog presses its nose to it.
10. *TELECRASTINATION* (tel e kras tin ay' shun) n. The act of always letting the phone ring at least twice before you pick it up, even when you're only six inches away.

-- PAM BECKERMAN



TRAVEL TIPS

FLYING MY WAY?

(Frequent Flyer, January 2000)

For the fifth straight year, Midwest Express Airlines, based in Milwaukee, has been named the number one U.S. Airline by readers of *Conde Nast Traveler*. That may be because of the airline's two-across wide leather seats, food served on china with complimentary wine or champagne and cookies baked on board on luncheon flights. Now that's the way to really fly.

DID YOU HEAR SOMETHING?

(Frequent Flyer, January 2000)

American Airlines started providing new noise-reducing headsets to first-and-business class passengers on selected international flights. Developed by the Bose Corporation, the headsets sharply reduce engine and wind noise and provide high audio clarity and performance from inflight entertainment and passengers' own music, video or laptop computer sources.

HAPPY BIRTHDAY

Dawn Kale

1/21



Mike Gregory

1/18/93