



PROJECT POSTCARD

WHAT HAPPENS WHEN "BOX-KICKERS" ENTER THE WORLD OF MERCHANDISING?

-- SEAN RYAN --

Sean Ryan, Neil Buck and Michael Swift had the opportunity to partner with Crystal Tecca and Dorothy Sadd from KSA's Merchandising group to assist ULTA in improving corporate inventory turns. The outcome of this six-week assessment project was enlightening for both ULTA and KSA. Hopefully after reading about our experiences with ULTA, you will have a better appreciation of how all of us in KSA are uniting to help move our clients forward.

Who is ULTA?

ULTA is a \$240M specialty retailer for the health and beauty of women. The company's concept is the combination of a salon and retail store offering products ranging from haircare, fragrance, and cosmetics to personal care appliances, aromatherapy, and basic toiletries. ULTA operates 90 stores supported by one DC / corporate office in Romeoville, IL (Chicago suburb). ULTA plans to grow to 240 stores by the year 2005.

How KSA became involved with an Inventory Assessment project with ULTA

In 1998, KSA worked with ULTA to develop plans for expanding distribution capacity. As told by ULTA, the speed, depth and quality of that project far exceeded their expectations and that of the initial distribution design performed by another consulting firm. Building upon that experience and relationship, the CFO contacted Michael Swift on a Thursday afternoon and a Friday morning meeting to map out how to address inventory levels. Although it took about three months to actually start the project, KSA was handed this project based upon prior experience, industry reputation, and without having to compete with other firms.

The objective and challenges of the Inventory Assessment project

The Board of Directors issued a clear directive to ULTA's management team - improve corporate inventory turns by 50% within three years (or else...). Given that ULTA's inventory turns were relatively low initially, the objective was fair and achievable.

However, a number of other challenges existed that would determine the speed of actually achieving the goal:

- ⊗ Major organizational changes affecting sponsorship were occurring at the same time:
 - Day one of the project was the third day on the job for the new VP of Inventory Management
 - In addition - a search for a SVP of Merchandising was actively underway
- ⊗ Changing expectations/resolving conflicting objectives:
 - President/CEO's focus was on Marketing and Merchandising with vocal concerns about lost sales due to stockouts.
 - The two VP's of Merchandising aimed for minimizing stockouts by padding purchase quantities to ensure stores would have the goods.
 - Newly added management bonus tied to inventory turns was not going to be achieved at current pace.
 - Information systems support was lacking in areas that would help buy the right quantities of the right stuff at the right time.
 - System tools in place were not consistently used.
 - Lack of communication between departments on events affecting merchandise flow existed.
 - Additional inventory was maintained in the DC due to an inability to manage vendor orders and deliveries.

Inventory Turns 101

effectively map out the actions needed, it is helpful to review the basics of inventory turns. There are a number of ways to define inventory turns; ULTA uses the following:

$$\text{Inventory Turns} = \frac{\text{Annual Cost of Goods Sold (COGS)}}{\text{Average End of Month Inventory at Cost (for the Trailing 12 Months)}}$$

Annual Cost of Goods Sold (COGS) – the price ULTA paid for the merchandise

Average End of Month Inventory at Cost – average of inventory snapshots for past 12 months

There are two fundamental ways to improve inventory turns:

- ⊗ Sell more than planned while maintaining current inventory levels (increase the numerator)
- ⊗ Hold less inventory than planned while achieving sales projections (decrease the denominator)

The first approach is the easiest for companies to achieve - higher than expected sales hide a lot of inherent problems and are less painful for an organization to accomplish. However, with the first missed sales projection and when all the “skeletons in the closet” get exposed, a corporate scramble occurs to right the ship.

The second approach for improving inventory turns requires more internal structure, which might not always fit well within a company’s “creative” culture. The higher levels of discipline and accountability throughout an organization are initially more painful to institute but create a more resilient, focused company. The challenge is not to become so structured that the corporate creativity is stifled.

What was the result of the Inventory Effectiveness project?

We provided a 7-point action plan that would increase corporate inventory turns by 63% thus releasing \$80M in working capital:

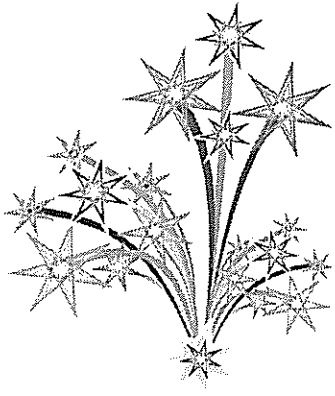
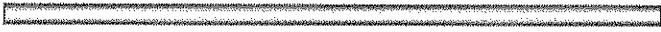
1. Goal development – basic measurements and goals for the buying decision-makers that make them accountable for inventory dollars in addition to sales dollars (a.k.a., Open-to-buy).
2. Vendor management – eliminate excessive inventory in DC and stores due to unmanaged lead times and delivery agreements.
3. Assortment refinement – reduce the SKU selection within product categories (do you really need 20 different hair dryers at the same price point?) and eliminate under-performing SKU's and/or product categories (is it worth keeping a SKU if the sales rate is 1 unit per store every 20 weeks?).
4. Assortment planning – customize the SKU selection at the store level accounting for customer demographics (probably sell more sun protection items in Phoenix than in Seattle) and other distinctions.
5. Forecasting – develop systemic tools to better predict sales rate for advertised items and new items based upon similar product characteristics at the store level.
6. Master calendar – develop a systemic tool to coordinate and communicate the activities affecting the timing and flow of merchandise.
7. MIS governance – internal committee to review and authorize all MIS projects to ensure the appropriate levels of commitment throughout the organization.

The recommendations were well received by ULTA and we are working on the next immediate steps.

What did I learn by working closely with our Merchandising group?

With two different focuses due to different group backgrounds, our team worked well together.

- ⊗ In less than two weeks, we quickly integrated ourselves into a cohesive team, producing a detailed project update for client review.
- ⊗ Different points of view brought new solutions to existing problems and new learning opportunities.
- ⊗ Above all else, we shared an energetic drive and passion for our work.



INDUSTRY INSIGHTS

"PALLETIZERS: MAN VS. MACHINE"

(FROM THE PAGES OF MODERN MATERIALS HANDLING BY DAVID MALONEY - JUNE 1, 2001)

-- ROBERT FULGHUM --

Many companies are realizing big savings and fewer injuries by switching to automated palletizers over manual stacking of pallets. Benefits of automated palletizing systems include higher throughputs, more consistent stacking, and improved accuracy. When labor savings and injury reductions are factored in, it is easy to see economic justification for automation for those companies that build a large number of pallets daily.

As with any materials handling project, the key is to match the right equipment to the job. Palletizers should be considered as a part of the overall materials handling system, since they must be able to easily integrate with other systems and maintain the same rate of throughput as the equipment feeding them. They must also integrate well with conveyors and lift trucks that will pick up the loads that they build.

There are two primary types of palletizing systems – in-line and robotic. "With a dedicated in-line system you get speed. With robotics, you get flexibility," says Michael Hernan of Horizon Automation.

In-line systems move a layer of product, one SKU at a time. Row strippers and vacuum heads are the most widely used systems. These systems build pallet loads the fastest, but are also the most expensive. They are typically chosen for high-flow needs.

Robotics systems build the load several cartons at a time. While slower, they are very versatile and can handle multiple SKU's. Typical robotic systems include SCARA, articulated arm, and gantry. Here is a brief look at each type of system.

In-line palletizers

Row stripper palletizers are the most commonly installed in-line systems and possess very high stacking speeds. They typically consist of a central staging area that accumulates one row at a time of an individual product SKU. It is here that pushers rotate, slide, or grab each carton until it is aligned with other cartons into a tight load layer. The group of cartons are then pushed or "stripped" onto the base of the pallet or onto other layers already on the pallet. Some units build from the bottom up while others form loads from the top down.

There are basically two types of row stripper designs, high-level and low-level.

High-level row strippers are faster, usually topping out at 160 cartons per minute, and they build from the top down. After being accumulated, a transport mechanism vertically lifts the cartons, moves them over the pallet, and then lowers the newly built layer so it can be slid into place. These units occupy less floor space than low-level row strippers do, since they accumulate and build the load overhead seven to twelve feet above floor level.

Low-level units spread out their accumulation and load building over a greater footprint at or near floor level. These palletizers build bottom up and tend to run slightly slower with peak rates of 140 cartons per minute. The unit builds an initial layer, which is held in place while another layer is built below it. The process is repeated until all layers have been built.

Vacuum head systems use a similar system of pushers and mechanical devices to accumulate and build layers. Instead of pushing the load onto a pallet, however, this system uses a vacuum head to pick up the cartons together as a row and place them upon the stack. These units typically use suction, though clamshell grippers may also be used for grabbing and placement duties. Vacuum head palletizers are good for loading pails, drums, bags, and other odd shaped items that may

not slide easily in row strippers. Vacuum heads are slower, typically handling between 10 - 25 cases per minute, but they cost about one-third of the price of a row stripper.

Robotic palletizers

SCARA arm (selective compliant articulated robot arm) palletizers consist of a single, fixed-mast robot with an arm able to rotate at the knuckles. This provides a wide range of movement along an X/Y radius. It is also designed for a high amount of flexibility, and can build as many as six pallets at a time. Unlike in-line systems, which typically handle only one incoming line composed of one SKU, robotic systems can palletize multiple line feeds and mixed SKU's. Built-in bar code readers define incoming SKU's and determine how loads should be built on each of the surrounding pallets.

Speeds tend to be about 10-30 cases per minute, but they can handle a box 5 x 5 x 5 inches one moment and then lift and deposit a load that is 36 x 24 x 12 inches in the next move. The end effectors that lift the load vary among various vacuum and gripper types. Articulated arm systems are similar to SCARA palletizers except that the arm is jointed, offering a wider range of motion and flexibility. Of course, this means that they are more expensive.

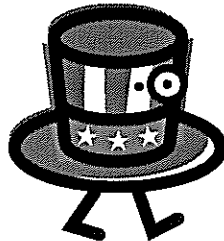
As with SCARA systems, there are a variety of end effectors available, including grabbers, vacuum, clamp, and units that offer dual combinations of the above. Articulated arm robots have greater reach and are good for palletizing complex mixed SKU loads. Stacking speeds are generally about 10-30 cartons per minute.

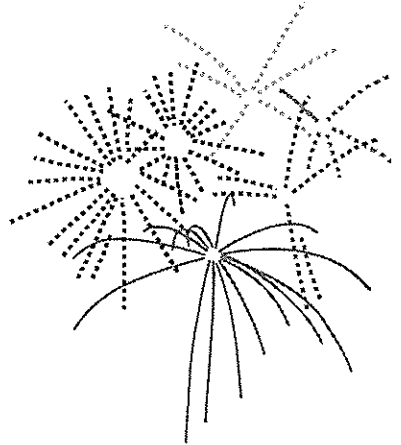
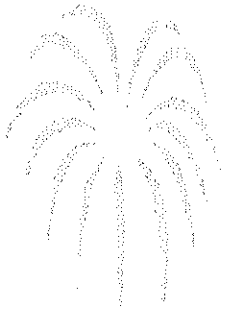
Gantry palletizers are comprised of a robot attached to a moving carriage that rides suspended from an overhead I-beam. Typically, a central conveyor line feeds into the system. The robot picks up a carton with an end effector. Then the gantry slides along cells of in-process pallets and stops at the chosen cell to add the carton upon the load. Following deposit, it returns to the pick-up station to retrieve another carton.

Robots feature from two to four rotating axis and are ideal for heavier loads, supporting cartons up to 900 lbs. Speed is somewhat sacrificed for flexibility, as systems typically achieve rates of 10-30 cartons per minute.

Gantry systems can easily build mix SKU loads and offer support to flexible manufacturing and specialty packaging needs. Up to forty pallets can be served at one time per robot, making them ideal for building loads to customer specifications.

Please contact Robert Fulghum to see this article in its entirety.





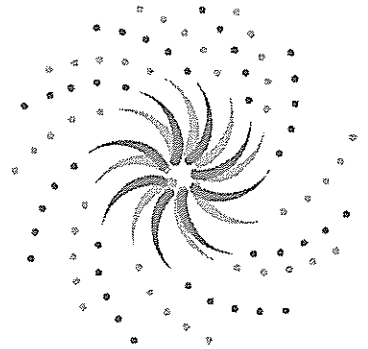
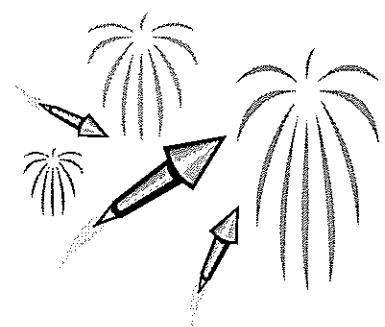
Quote of the week...

Liberty

Here in the harbor,
 Made famous by her very existence,
 Stands a lady,
 Polished by a new American pride...
 And her name is Liberty.
 She holds a torch ignited
 By the flame of love,
 And from her raised hand
 And her gentle eyes
 She offers a blessing of
 Reassurance with silent lips:

*"Give me your weary,
 Your dreamless, your hopeless,
 Those who have lost faith
 In themselves and our country.
 Send these, the embittered, to me.
 I am living proof of what
 A nation of people can do,
 When they believe, when they commit,
 When they join hearts.
 I lift my lamp beside
 The door that remains open,
 A golden opportunity for all
 Who enter, regardless of reason."*

-- Judith A. Lindberg --



DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

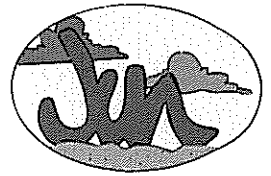
DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR:
CONTRIBUTING
PUBLISHER:
PUBLISHED BY:

IRMA M. ROSALES
NICOLE DISTASIO
KSA MIAMI



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CONSULTANT SPOTLIGHT

-- TODD SOLLER --



"We know the truth, not only by reason, but by the heart"
Pascal - French philosopher and mathematician

Easily recognized in the Atlanta Office, **Todd Soller's** 6 foot 5 inch frame stands a head above the tops of the cubes. Todd's even disposition and quiet sense of humor belie the fact that he still wishes today that he hadn't passed up an opportunity to play college football in his home state with the Arkansas Razorbacks.

He may not have played football at the University of Arkansas, but Todd found his niche there studying to be a Mechanical Engineer after switching his major from Architecture. "I wanted something more technical", says the recently promoted Manager. After college, Todd served 5 years in the US Navy as an instructor in the Nuclear Power Program, and likens Fulfillment Services' close knit atmosphere to the camaraderie he experienced while in the Navy.

Arriving at KSA in October of 1997, Todd's first Fulfillment assignment was with Coldwater Creek. The time he spent in Idaho and West Virginia during the duration of those projects allowed this avid outdoorsman to spend some quality time on the slopes. If Todd could choose his ideal home, it would be in the mountains but close to the sea. That way he would be able to spend as much time as possible pursuing his passion for serious outdoor activities. Todd's favorite past time is snow skiing (Alberta, Canada is where he finds the best snow skiing), but hiking, canoeing, mountain biking, or any other activity that will allow him to spend his spare time in the wilderness is considered a great release by the outdoorsman.

Now happily settled in Atlanta, Todd loves the great restaurants he has enjoyed learning about over the past few years. The Local on Ponce de Leon near his Virginia Highlands home is Todd's favorite for ribs and the Atlanta Fish Market is another favorite for seafood on any occasion. Along with good food, music is another one of Todd's interests. He currently has Ben Harper and the Innocent Criminals in heavy rotation on both his car and home CD players.

Todd is currently managing a Base Plus ® project at Jones Apparel.



FULFILLMENT TECHNOLOGY

USAGE BASED LICENSING — HIDDEN COSTS LIE IN WAIT

(SCOTT LUNDSTROM, CTO AMR RESEARCH: JUNE 19, 2001)

-- AL SAMBAR --

This interesting article discusses a pricing strategy used by CIOs considering purchasing large software packages. One of the best take-aways for KSA consultants may be the expressed opinion of AMR that users should be looking for vendor pricing discounts of %25-%40 because of the soft market.

The concept of usage-based pricing has been around for some time, but now it seems to be gaining attention as vendors and exchange infrastructure providers rally around it as another method of attracting users. The pitch goes something like this: flatten your license payment into small monthly payments, and only pay for the service you use. It sounds good on paper, particularly in today's tight economic market, but AMR Research investigated what it could really mean to users, and the costs not covered by the service add up quickly.

Price doesn't include everything

The initial investment is small, and you only pay for what you use. Unfortunately, in the real world, most users won't experience any real advantage from such an approach. In fact, many will ultimately pay significantly more than they would through a traditional, upfront license purchase. While the vendor or exchange provider will flatten the license payment, little can be done to mitigate the other substantial investments required. The user will still need to spend 80% to 85% of the total project cost to implement a significant application, with money spent on system integration, enhancements, infrastructure, databases, training, and a host of other traditional implementation costs.

aying for what you use can work against a project from the start

Under a pay for what you use pricing model, a company only wins if it doesn't play. The high usage associated with a successful project can lead to premiums of 3-to-10 times what a deeply discounted license would cost in today's market. Most vendors use list prices as the basis for any usage- or subscription-based pricing, but in the current economy, the average buyer can buy applications at a deep discount. Vendors are willing to be much more flexible in bundling and pricing products, but these discounts aren't usually reflected in usage-based software pricing.

Real value from usage-based pricing model is a ways off

Plenty of good examples exist of asset-based markets that successfully made the transition to service-based businesses in the Utilities, Communications, Transportation, and Manufacturing industries. Proponents of a usage-based license model suggest that the same transition will take place in enterprise software and infrastructure--that, in fact, such a change is inevitable. While this may be true in the very long term (10-year horizon), the evolution.

Truth is, there has never been a better time to invest in software:

- ⊗ Vendor discounts are at an all-time high. Savvy users are picking up new software for 25% to 40% of the list price
- ⊗ Servers and network equipment are also deeply discounted
- ⊗ System integration talent is available at very favorable terms
- ⊗ Employment tensions are easing, and in-house developers are available at reasonable rates

INDUSTRY INSIGHTS

NATIONAL LTL CARRIERS: IN FOR THE LONG HAUL

(FROM THE PAGES OF LOGISTICS MANAGEMENT BY PETER BRADLEY, EDITOR IN CHIEF -- 6/1/2001)

-- NICOLE DISTASIO --

For many years, Wall Street transportation analysts have viewed the major longhaul less-than-truckload (LTL) carriers with skepticism. The nation's shipping patterns were shifting toward regional distribution, and the analysts dismissed the carriers as dinosaurs.

But the carriers themselves are not quite so ready to declare themselves extinct. Each of the Big Four national LTLs has adopted strategies aimed at meeting shippers' demands for more responsive, more reliable, and faster service. Granted, those adaptations have not always come easily or swiftly to carriers operating huge networks and working under limitations placed on them by their national labor agreement with the International Brotherhood of Teamsters. In addition, they've faced competition in recent years from all sides: parcel carriers, truckload carriers, plus LTL multi-regional carriers and large regional carrier groups that have gone after some of their long-haul traffic. And the current economic slowdown challenges the national LTLs as it does all transportation providers.

Even so, the big national carriers have rationalized their networks and improved their services over the last few years. At the same time, they have developed new services in response to growing shipper demands for regional, expedited, time-specific, International, and other offerings. Says James Welch, president and chief operating officer of Yellow Freight System, "We're working hard to grow those businesses in a hurry."

And the changes won't stop there. Bill Michael, vice president of marketing for Roadway Express, says that the pressure to control inventories that has spurred many supply chain management initiatives in manufacturing and warehousing is coming to transportation. "[Customers] want the freight to move quickly, they want it to be there on time, and they need less volatility, on when it gets there," he says.

Pat Blake, chief executive officer of Consolidated Freightways, concurs. After taking the helm of the carrier, Blake conducted several focus groups with CF's customers, where three issues repeatedly came up. "Number one, and foremost," he says, "[was the need for] consistent service." Speed, he notes, was subsidiary to that. "Number two was invoice accuracy, and [customers] said none of us had good invoices. Third, they expect us to get it there damage-free and without shortages. Those are the basics of the LTL industry."

Focus on the Middle Ground

The Big Four traditionally long-haul carriers—Roadway Express, ABF Freight System, Yellow Freight, and Consolidated Freightways—should not be viewed as a monolithic segment of the trucking industry. Their leadership and strategies, while similar in some ways, diverge in important ways as well. Roadway Express and Yellow Freight, for instance, have more active International transportation businesses than the others, operated through alliances with global specialists. Consolidated Freightways operates a third-party contract logistics company, Redwood Systems, and an airfreight forwarder in addition to its LTL business. ABF Freight has emphasized its core LTL competency perhaps more than the others do, but its parent also operates regional and intermodal carrier businesses.

To read this article in its entirety, please contact Nicole DiStasio.

NEWS, NOTES, AND NONSENSE

CONTROL PLUS – WE DO WINDOWS!

-- DENISE TROSTLE & JACK HORST --

Beginning this summer, we will be culminating several years of excitement and hard work as the Windows version of Control Plus is put through its paces at several Beta sites, followed by a rollout to all 65 clients using the original Control Plus product.

The "new" Control Plus, updated from its COBOL roots, is being programmed in JAVA and will be based on a tabular architecture which will support eventual enhancements including the kind of report customization our clients have been requesting for years

In typical KSA fashion, when we couldn't find anyone from the outside with the capability of converting Control Plus as quickly and meticulously as we required, we took the project in-house. Barbara Byrnes has nearly completed the task of converting what must seem like Avagadro's number of code lines in just over a year and a half – no small task considering that she first had to teach herself JAVA and learn the ins and outs of several database programs

When the roll-out is completed by 2nd Quarter 2002, all of our clients will be enjoying the same advantages of the current Control Plus functionality, with the added benefit of the Windows based environment.

With such an aggressive roll-out plan, and such a small conversion crew, the decision was made early on to focus on converting the existing Control Plus functionality rather than to incorporate the numerous enhancements which our clients have been requesting over the years.

The exception to this rule are two enhancements which are proving critical to support our important efforts to introduce Base Plus® into the grocery industry. Specifically our key competitors in the area of Grocery productivity improvement support the following functionality not currently available in Control Plus:

- ⊗ Real-time reporting of associate performance
- ⊗ Calculation of standards based on "discretely" measured x,y,z coordinate distances

We have decided that these enhancements are too strategically important to delay and will be working with our colleagues at Trans Tech to make this functionality available through a "middleware" product prior to completing the roll-out of the new Control Plus.

Quote of the week...

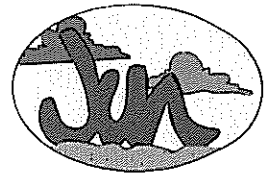
"Freedom is the recognition that no single person,
no single authority of government has a monopoly on the truth,
but that every individual life is infinitely precious,
that every one of us put on this world has been put there for a reason
and has something to offer."

-- Ronald Reagan --

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PROJECT POSTCARD

M&P AUDIT - A NEW TOOL FOR BASE PLUS® PEOPLE EVERYWHERE

-- JONI BURKE & BRAD SAMPSON --

Have you wanted to better prepare an Area Manager for the first day of kick-off? Have you ever wanted something the Training Department could use to evaluate how well employees were learning and following the processes? Do you ever stare at a post follow-up form and wish you could be tracking more than just pay variables?

If you've answered yes to any of these questions then two things are happening. One, you are reading this article... which is great, and the other is that we might just have the thing to help you out. It's called M&P Audit. M&P stands for Methods & Procedures and the audit stands for a painfully detailed activity.

The M&P Audit was created at the Nike Base Plus® project in order to help us evaluate how well methods and procedures were being followed on the floor. Each audit is designed to last roughly 60 minutes and capture all the necessary steps in a specific job function. The person performing the audit tracks whether an employee is performing the step correctly, skipping or missing the step, or completing the step incorrectly. When the M&P Audit is complete, the employee receives feedback and the form is contained in the employee's file.

Here are some of the benefits of using M&P Audits:

- ☀ Introduces Area Managers to:
 - ✓ Spending quality hours on the floor
 - ✓ Fully understanding the M&P of their area
 - ✓ Interacting with employees about process issues
 - ✓ Providing feedback and coaching to employees
- ☀ Great for evaluating new employees in training
- ☀ Also great for evaluating cross training of experienced employees
- ☀ It can be used as objective data for employee evaluations
- ☀ It helps employees become comfortable working with their Area Managers
- ☀ It promotes teamwork between Area Managers, Project Team, and Training Team

We are also looking to use M&P Audits as a way of rewarding employees before their area goes On-Standard in order to get them excited about the new program and to make sure they understand new processes. Look for future articles on the successes of this new bonus idea.

Both the Methods and Procedures Audit Forms and the Audit Instruction document will **soon** be available on the Intranet and can be accessed at this link: <http://web1/tools/fulfillmentserv/distribution/cperformanceimp/cm methodology/methodsprocedur/>

PRODUCT SNAPSHOT

LIVE ROLLER CONVEYORS

-- NICOLE DISTASIO --

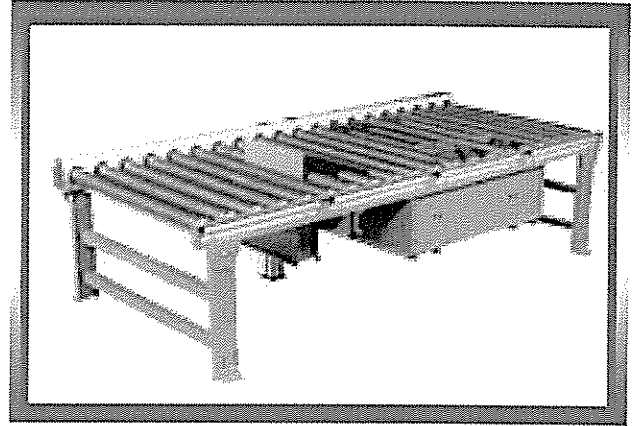
Titan Chain Driven Roller Conveyors handle loads up to 12,000 lbs. and can be equipped with Pop-Up Transfer and Stop Options.

The standard 3/4 HP 230/460 drive is available in both bottom mount or side mount models and provides speeds of 30 fpm. Featuring a standard 90° transfer and three strand double pitch chain, the unit uses air bags to provide approximately 3/4 inches lift above the rollers.

An air-operated blade is used for standard stop while providing approximately 3 1/2 inches travel above the roller. Standard rollers are 2 1/2 inches diameter by 11-gauge or 2 5/8 inches diameter by 7 gauge.

For more information on this product, please contact:

Titan Industries, Inc.,
735 Industrial Loop Road
New London, WI 54961



NEWS, NOTES, AND NONSENSE

ARE YOUR DATA IN ORDER?

-- JEFF BOUDREAU --

I recently sat through a vendor presentation in the office where the speaker overwhelmed me with this **data**, or should I say **datum**? Not only did she overuse the word; she used the incorrect form most of the time.

All too often we hear professionals misuse the plural form **data** instead of **datum**. We hear it so often that it almost sounds correct. Here's an easy way to keep it straight and impress your clients:

Data are plural. They consist of a group of *numbers* or *points*. If you are unsure, substitute the word "numbers" for "data" in your document as a check.

Examples:

- ⊗ "How are we going to collect all *those data* (numbers)?"
- ⊗ "The *data show* that this is a viable option"

Datum is singular. A datum is an item or a specific number.

Example:

- ⊗ "Is that *datum* point correct?"

How we can all keep our data straight...

Quote of the week...

"It doesn't matter who my father was;
it matters who I remember he was."

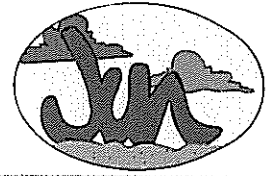
-- Anne Sexton --



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DIRECTOR'S CORNER

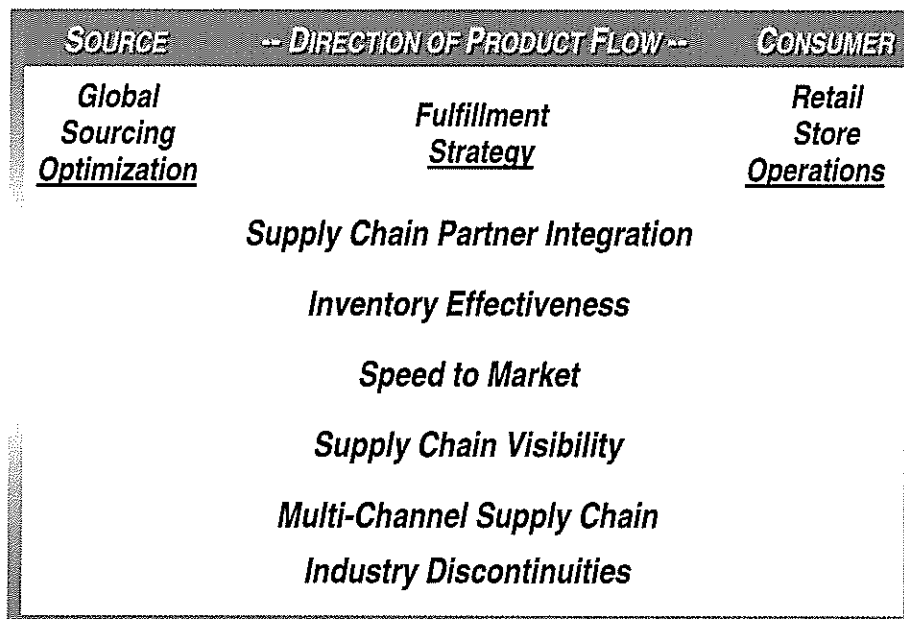
SERVICE DEVELOPMENT UPDATE

-- TORRE CRUPIE --

One of the fundamental services we have offered over the past fifteen years has been our Logistics/Fulfillment Strategy service. This service has directly generated 10% to 20% of our fees each year, and can indirectly produce a significant stream of follow-on assignments.

We are in the process of exploring how KSA can better understand and respond to broad fulfillment and supply chain strategy opportunities. One of the challenges we have experienced in expanding this service to date has been an understanding of the proper scope of the assignment. Our clients often need a project that extends beyond the capabilities of this service group into a broader supply chain strategy, but the team that develops the project approach may not appreciate all of the factors that should be considered.

Based on the work currently underway by a multi-service group effort, the boxes below show nine major themes that address the majority of supply chain issues. Of these nine themes only three - Global Sourcing, Fulfillment Strategy, and Retail Store Operations - are contained within a limited span of the supply chain (and within a single KSA service group.) The remaining six themes cut across the breadth of the supply chain and across KSA's organization as well.



At the same time that we are developing a common language across KSA to describe the interaction among these themes, some business development teams are creating practical applications for them.

On several opportunities to date this year, including proposals for Neiman-Marcus, Kraft and Foster Farms and on current projects JLTA, Publix, and Fleming, teams of Fulfillment, IT, Merchandising, and Strategy consultants have worked to innovate project approaches that both meet our clients' needs and expand our service offering.

FULFILLMENT TECHNOLOGY

FROM THE AMR RESEARCH ALERT ON SUPPLY CHAIN MANAGEMENT (5/29/01)

--SCOTT VIFQUAIN --

The D/C Expo trade show, held annually each spring in Chicago, has emerged as one of the preeminent Supply Chain Execution (SCE) shows of the year. Software vendors, consultants, integrators, and service providers typically use this show as a forum to announce new products, functionality upgrades, and partnerships. This year was no exception. Following is a sampling of the major announcements at this year's show:

New Products

- ⊗ Manhattan Associates introduced PkMS Pronto, a Windows NT-based integrated set of pre-configured warehouse and transportation functionality. Pronto is designed for small-to mid-sized warehouses with less than 30 users that process less than 20,000 order lines per day.
- ⊗ Clicklogistics launched its Web-based Transportation Management System (TMS), Clicklogistics Online, targeted at mid-sized shippers. Users access only the functionality they require and pay on a tiered transaction fee basis.

Product Upgrades

- ⊗ Catalyst International introduced Catalyst Warehouse Management System (WMS) Release 8.1. New features include an enhanced SAP interface, advanced cycle counting, and catch weight support for the Process industry.
- ⊗ Irista added enhanced shipment consolidation, a graphical planning display, and multi-client freight audit capabilities to IristaTransport 8.2. The vendor also upgraded IristaDistribute 8.1 to include Web order entry, marketing campaign management, and a graphical inventory management console.
- ⊗ Optum released MOVE 6.2 that features enhanced WMS functionality for inventory replenishment, stock picking, and product substitution. The vendor also announced that it has extended access into its TradeStream product to wireless devices such as the Palm VII.

Partnerships

- ⊗ Provia Software will integrate TRADEPAQ's International Trade Logistics (ITL) applications with its SCE suite, ViaWare.
- ⊗ Pitney Bowes will market Logility's Voyager Transportation Planning and Management applications and its Voyager XES collaborative transportation platform.
- ⊗ E3 Corporation will resell CAPS Logistics' suite of TMS applications.

These announcements indicate that SCE vendors are busy trying to increase their market share through product enhancements, new product introductions, and joint-marketing alliances. However, in the highly fragmented SCE market, vendors must be extremely innovative with technology and functionality to truly stand out from the crowd.

INSIDE THE INTRANET**ROBERT FULGHUM --**

The next time you're working on a report or presentation for a client and are in need of a photograph or 3-D sketch to help get your point across, check out one of the latest additions to the Intranet.

We are currently in the process of posting 3-D sketches and digital pictures to the Intranet at this location:

[http://web1/tools/fulfillmentserv /distribution /bfacilitydesign /cmethodology /graphics /](http://web1/tools/fulfillmentserv/distribution/bfacilitydesign/cmethodology/graphics/)

Here you'll find the following folders that contain the same drawings and pictures shown in the Graphics Manual handed out during Fulfillment Orientation by Rick Wolfe and Faith Cox:

- A. Shipping-Receiving 3-D
- B. Pick Cart 3-D
- C. Sortation 3-D
- D. Truck 3-D
- E. Rack 3-D
- F. Picking 3-D
- G. Work Station 3-D
- H. Work Platform 3-D
- I. Buildings 3-D
- J. Conveyors – Digital Pictures
- K. Sorters – Digital Pictures
- L. GOH – Digital Pictures
- M. Rack – Digital Pictures
- N. Trucks – Digital Pictures
- O. Work Station – Digital Pictures
- P. Miscellaneous – Digital Pictures

These files have been listed in the same order in which they appear in the Graphics Manual. This way the Manual can be used as a guide to find the pictures you want. For example, if the drawing ShpRec#6 is a good fit for your presentation, simply go to the "A. Shipping-Receiving 3-D" folder and access the file with the same title.

Of course, you can always flip through the different drawings and pictures on the Intranet without the benefit of the manual to find what you need.

These postings are near completion, but are still a work in progress. In the meantime, if you would like a copy of the Graphics Manual or need a file that has not yet been posted, feel free to contact Rick, Faith, or myself, and one of us will send it to you.

INDUSTRY INSIGHTS**MAINTENANCE BENCHMARKING PLANT ENGINEERING** (03/01/2001 By: Richard L. Dunn)**-- NICOLE DiSTASIO --**

When you start feeling good about yourself, "it's time to benchmark." That's a rule of thumb from Bob Schmalbach, chairman of the Foundation for Industrial Maintenance Excellence and a retired plant-engineering consultant for Dupont.

Schmalbach is a proponent of the benchmarking process originated by Xerox. The process looks at two things: first, metrics and performance measures, and second, work practices. "It's a good process," he says, "because if you only look at metrics, then the only thing you can understand is that there are better people out there than you are. But you don't have any insight as to why they're there - just that they have better numbers. But, if you just look at work practices, all you get is an understanding that there's more than one way to skin a cat. What you really want to do is to find those guys with better metrics than you've got and to compare how they process work, and how you process work, and what the differences are. The way they process work is probably what makes the difference in the metrics."

Most discussions about benchmarking revolve around working with other companies. But that isn't really where it should start. Internal analysis - internal benchmarking - is the place to start, according to Rick Herold, director of manufacturing engineering for Harmon-Motive, Inc.

"I think when you're first starting out, internal benchmarking is great," Herold says. "You have to set foundations and core values. Then you goal set and see if you're making any progress. Once you attain a certain level, you realize that your internal benchmarking is not good enough. Then you have to go outside and benchmark yourself against others."

Tom Williams, manager, North America Plant Engineering for 3M Co., tends to agree. "It's important to understand first what you're about, why you're here, and what's important to the business. What's important in one plant isn't necessarily critical in another plant. So once you understand what's important, and you've established some internal goals and metrics, maybe that's the time to go external and see what your competitors and other businesses are doing.

"Maybe it'll spark a new idea," Williams continues. "Not being afraid to go out and look at someone who's different from you is very important in benchmarking. They may bring something to light that you never even thought of. It's going to be a benefit even if you say, 'didn't learn anything.' Or maybe you did. Maybe you learned that what you're doing is pretty good anyway."

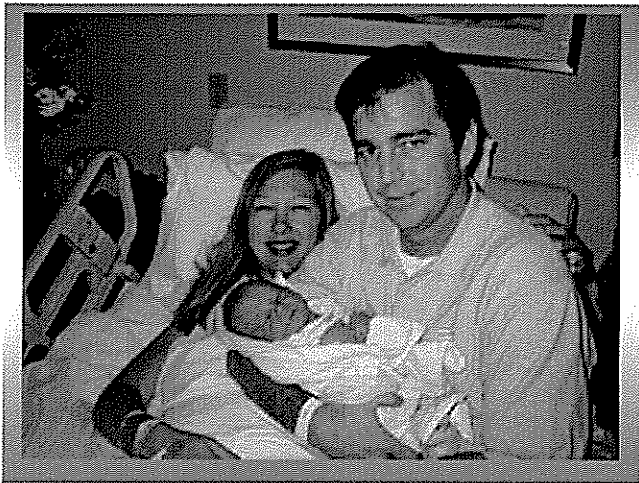
John Blumenshine, vice president, facilities, S&C Electric, offers an additional caveat. "Internal benchmarking is dangerous and can be destructive to the improvement process," he says, "because you're measuring yourself against past performance, and that constant drive to lower that number may be the exact opposite of what you need to do. Until you cross the threshold to outside benchmark, you may never know that. You have to get to the point where you want to know where you stand against the best."

The following 15 ratios are common in industrial maintenance benchmarking. Values shown were established by the board of directors of the North American Maintenance Excellence Award as representative of superior maintenance operations. They are not intended as targets to be met or guidelines to be followed in maintenance evaluation.

<i>Benchmark</i>	<i>Process Industries</i>	<i>Discrete Manufacturing</i>	<i>Comments</i>
Maintenance craftspeople per first-line supervisor	15	16	Indicator of how well first-line supervision is leveraged
Maintenance craftspeople per maintenance planner	28	25	Measure of the emphasis placed on maintenance planning and scheduling
Estimated plant replacement value (\$MM) per maintenance craftsman	\$4.9	\$4.5	Amount of assets maintained by each maintenance employee; indicator of maintenance labor effectiveness
Annual training days per maintenance craftsman	9.3	9	Indicator of management commitment to employee development and functional excellence
Annual training days per maintenance supervisor	7.4	5	Indicator of management commitment to employee development and functional excellence
Total maintenance cost as percent of estimated plant replacement value	2.2%	2.5%	Indicator of maintenance cost-effectiveness; high values may indicate potential for cost reductions; low values may indicate milking of assets
Maintenance labor cost as percent of total maintenance cost	24.5%	52%	Indicator of overall maintenance manpower planning effectiveness; influenced by numerous factors
Outside contractor cost as a percent of total maintenance cost	20.3%	15%	Indicator of utilization of outside contractors
Unplanned (emergency) man-hours as a percent of total maintenance man-hours worked	7%	18%	Indicator of maintenance planning and control levels
PM/PdM man-hours as a percent of total maintenance man-hours worked	27%	39%	Indicator of commitment to proactive maintenance and assurance of equipment reliability
Planned repairs schedule compliance	87%	87%	Measure of performance in completing work as scheduled
Preventive maintenance schedule compliance	90%	90%	Measure of performance in completing preventive maintenance tasks as scheduled
Work order coverage as percent of man-hours worked	100%	98%	Measure of maintenance documentation effectiveness. Affects ability to evaluate other factors
Storeroom annual inventory turnover	1.52	1.53	Indicator of storeroom management effectiveness and control; reflective of materials management policies
Storeroom investment as percent of plant estimated replacement value	1%	1%	General measure of stores inventory management

**NEWS, NOTES, AND NONSENSE
SPECIAL DELIVERY**

Congratulations!



Trent McLean (pronounced "McLane") Gavron has arrived.

He was born at 1:59 PM on Wednesday, May 23rd, weighed in at 8 lbs. 8 ounces and is 21 inches tall/long.

Mother and baby are doing great! They are now home from the hospital and getting used to a new routine (if you can call it that.)!

Quote of the week...

"We may affirm absolutely that nothing great in the world has ever been accomplished without passion."

-- Georg Hegel --
(1770-1831 German Philosopher)

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

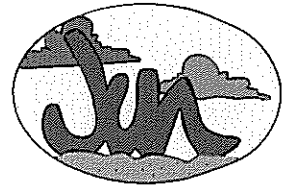
DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR:
CONTRIBUTING
PUBLISHER:
PUBLISHED BY:

IRMA M. ROSALES
NICOLE DiSTASIO
KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ☀ JUNE 1, 2001, VOL. 10, NO. 21

PROJECT POSTCARDS

MFI PHASE I - SIDCUP, KENT, ENGLAND

-- MARAL JAKEMAN --

Greetings from London!

Since January I have been a team member on the first Base Plus implementation project outside of the Americas. MFI, the client, specializes in the sale of flat packed household furniture distributed through stores across the United Kingdom. The facility is a Home Delivery Center of 65,000 sq. ft. with about 90 employees, based in Sidcup Kent, about 20 miles southeast of London, England. The team, which included Ashley Deaton, Mark Messinger and Brad Anderson from the KSA US offices, closely followed the current trend in Anglo-American relations – the US leading the way and the UK following a close second. Fortunately, Brad and Mark proved more skilled at training engineers on Base Plus methodology, than at driving down the left side of the narrow streets of London. (Anyone in the market for a slightly beaten up Vauxhall Vectra or Omega?)

The Base Plus implementation had fantastic project sponsorship at board area and facility management levels. Although the official figures are yet to be published the results are expected to show an increase in productivity of between 70 and 100%. The success of the project has resulted in the sale of additional work to the client. MFI Phase II, which began at the end of April, is **o**nded to rollout the program to the Leeds and Aldershot sites. Furthermore, the client wants Base Plus implemented in all 12 of its Home Delivery Centers, their National Distribution Center, and potentially their manufacturing facilities.

The project has also proven to be a major boost to another KSA client - Tesco supermarkets. While no MFI team members have set foot in a Tesco office or distribution center, the amount of business generated by the team's daily lunch trips is sure to drive Tesco's revenue and stock price through the roof.

As a showcase for selling more Base Plus in the UK, MFI Phase I has proved to be a resounding success. Since the end of April ELC (Early Learning Center), among others, have been seriously investigating the possibility of implementing Base Plus.

With Phase II now underway, look for future updates in the HotSheet!

Project Team: **Brad Anderson, Deirdre Coleman, Phil Davies, Britt Dayton, Ashley Deaton, Maral Jakeman, Mark Messinger, Caroline Nelson, Anne Pauly and Jerome Saint-Marc.**



INDUSTRY INSIGHTS

SOFTWARE MAKERS OPEN A WINDOW ON WAREHOUSING" (FROM LOGISTICS MAGAZINE, MAY 2001)

-- ROBERT FULGHUM --

Over the past year, several WMS vendors have updated their software to provide an electronic "window on the warehouse," which allows managers to view all of the stock sitting in racks at their distribution centers with a standard Web browser. Adding this visibility to a company's supply chain trading partners could do a great deal to improve efficiency, but only if companies are willing to share information with their customers.

Unlike enterprise resource planning (ERP) programs which maintain an aggregate view of inventory, WMS packages keep track of individual items, going as far as their individual bin location on a storage rack. When used with bar codes and radio-frequency systems, WMS packages can monitor products' movement in real time.

With the growth of the Internet, consumers and business users now want to view inventory records using Web browsers like Netscape or Internet Explorer rather than long lists of parts numbers. In addition, many managers who do not work on the warehouse premises want Internet visibility in order to make informed business decisions. They also want to be able to look into their suppliers' warehouses in order to know what products they can offer their customers.

Many major WMS providers have adapted their programs to offer this technology. For example, EXE Technologies already offers Web-based visibility, and Manhattan Associates plans to offer real-time visibility in the second quarter of this year as part of its "digital dashboard," which displays warehouse activity data in a graphical format. McHugh Software International has created "LENS," which offers stock visibility across a company's entire network of DC's. Irista's IristaVision software offers visibility of inventory sitting at the warehouse or loaded on a moving vehicle. WMS vendors whose software is designed for medium-sized companies are also jumping on this trend, including Motek, Majure Data, and Sameday.

Many believe this is just the first step to providing complete visibility over the supply chain. The software also should be able to track inventory held by trading partners and the freight being handled by carriers. Yantra's PureEcommerce 3.0, Optum's TradeStream, and Provia's ViaWare are a few examples of packages designed to provide a picture of inventory across a warehouse network.

However, there are a few concerns. One problem these packages face is that any weak link in the supply chain network could undermine visibility for the entire network. For example, if one WMS does not update hourly, it affects the entire supply chain. In addition, some suppliers may be hesitant to share this information with trading partners. For example, if a vendor makes its inventory visible to two competitors, each company might feel entitled to the entire inventory at the other's expense. There may need to be some control mechanism set up over who sees the inventory online. Yet, most WMS vendors will continue developing this technology. They also plan to add capabilities to alert managers to problems that arise, such as a missed pickup or a lack of parts in a warehouse.

To see this article in its entirety, please contact Robert Fulghum.



IRMA M. ROSALES WITH CORRECTIONS

UNITED STATES

ALLEN, PETER
 BAIRD, KEVIN
 BENTON, JOSH
 BRUNSON, ANDREA
 BURKE, JONI
 BURKLAND, NATE
 CASCIO, DAVE
 CHINNAN, VIKAS
 CHOATE, CASEY
 CLARK, ELIZABETH
 COPLAND, TIM
 DAVIS, SETH
 DENSMORE, JD
 EHLERS, BARRY
 ETWAROO, ANDREA
 FONG, TERRANCE
 GARRETT, JIM
 GILES, LAURA
 GRIFFITH, BRAD
 HARMON, BRAD
 JOHNSON, ANDY
 KELLOGG, MICHAEL
 KINCAID, MIKE
 LA VECCHIA, MARIANNA
 LEFKOWITZ, STEVE
 LEVY, VAL
 MCGRAW, COLLEEN
 MOKOTOFF, BENJAMIN
 MOOSABHOY, MUFADDAL
 MORIN, CRAIG
 OSBURN, STEVE
 PARANSKY, NOAM
 SAMPSON, BRAD
 SPOFFORD, SETH
 TAYLOR, BRAD
 TIMBERLAKE, JUJUAN
 TODD, AARON
 ULICNY, DAN
 VANAGS, SCOTT
 WATTERSON, ERIC
 WEBSTER, JACK
 WHITEHOUSE, SEAN
 WILSON, KEN

MIRRO
 JONES NY
 LEAVE OF ABSENCE
 FEDERATED STORES
 NIKE
 NIKE
 QVC
 MIRRO
 JONES NY
 PVH

 ROSS STORES
 PVH

 ANN TAYLOR
 QVC
 STAPLES
 PUBLIX
 STAPLES
 TIMBERLAND

 CONTROL PLUS
 NEWPORT NEWS
 ANN TAYLOR
 PUBLIX
 WALMART*COM
 ROSS STORES
 WALMART*COM
 NEWPORT NEWS
 B2B CONSORTIUM
 NIKE

 WALMART*COM

 NEWPORT NEWS
 PUBLIX

 CONTROL PLUS
 ROSS STORES
 QVC
 NIKE

MANITOWOC, WI
 WINSTON-SALEM, NC

 UNION CITY, CA
 MEMPHIS, TN
 MEMPHIS, TN
 WEST CHESTER, PA
 MANITOWOC, WI
 WINSTON-SALEM, NC
 JONESVILLE, NC
 PRINCETON OFFICE
 NEWARK, CA
 JONESVILLE, NC
 LOS ANGELES OFFICE
 MIAMI OFFICE
 PRINCETON OFFICE
 LOUISVILLE, KY
 WESTCHESTER, PA
 BOSTON, MA
 LAKESIDE, FL
 ATLANTA OFFICE
 PRINCETON OFFICE
 LOS ANGELES OFFICE
 ATLANTA OFFICE
 HAMPTON, VA
 LOUISVILLE, KY
 LAKESIDE, FL
 ATLANTA OFFICE
 NEWARK, CA
 CARROLLTON, GA
 HAMPTON, VA
 ATLANTA OFFICE
 MEMPHIS, TN
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 ATLANTA OFFICE
 HAMPTON, VA
 TAMPA, FL
 ATLANTA OFFICE
 ATLANTA OFFICE
 NEWARK, CA
 WEST CHESTER, PA
 MEMPHIS, TN

MEXICO		
AYALA, JOSE GERARDO	ALIANZA TEXTILE	MEXICO CITY
FELIX, IGNACIO	VF INTIMATES	REYNOSA
LOZANO, ALFREDO	VF INTIMATES	REYNOSA
MARTINEZ, ANDRES	UNIFIRST	CIUDAD VALLES
RODRIGUEZ, GUSTAVO	VF INTIMATES	REYNOSA
TREVIÑO, ROBERTO	UNIFIRST	CIUDAD VALLES
HONDURAS		
HERNANDEZ, SERGIO	VF INTIMATES	SAN PEDRO SULA
UNITED KINGDOM		
MESSINGER, MARK	MFI	LONDON, ENGLAND
ANDERSON, BRAD	MFI	LONDON, ENGLAND
JAPAN		
BRUCE, DAN	JUSCO	TOKYO OFFICE
TAIWAN		
LOPEZ, RODRIGO	RAMTEX	KAOSHIUNG
AFRICA		
MAX DUQUE	ATRACO	KENYA
SUPPORT STAFF		
ANDROS, VANESSA	ATLANTA	
CRANKSHAW, LAURIE	CHICAGO	
HAMRICK, DEBBIE	ATLANTA	
JUDD, SUZANNE	PRINCETON	
KOLM, RACHEL	PRINCETON	
LANNON, NICOLE	ATLANTA	
ROSALES, IRMA M.	MIAMI	
SALAZAR, OLIVIA	LOS ANGELES	
SCOLA, ANNE	PRINCETON	
SENIOR, LYNN	LOS ANGELES	

Quote of the week...

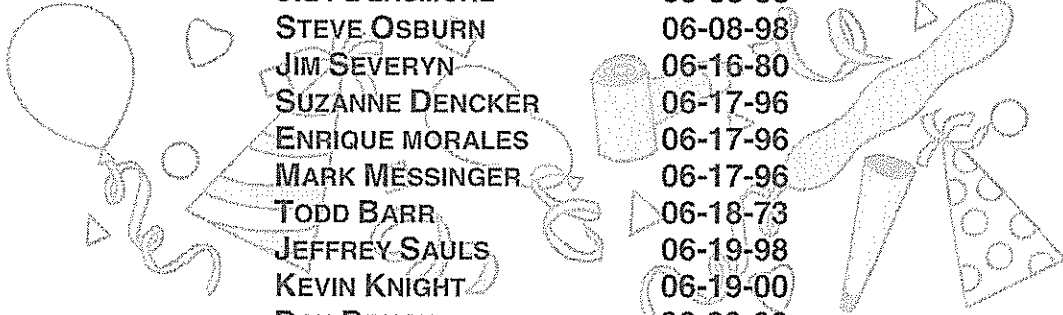
"In everyone's life, at some time, our inner fire goes out. It then bursts into flame by an encounter with another human being. We should all be thankful for those people who rekindle the inner spirit."

-- Albert Schweitzer --

JUNE Celebrations

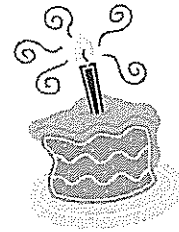
ANNIVERSARIES

ASHLEY DEATON	06-02-97
JIM GARRET	06-05-97
BRAD SAMPSON	06-07-99
J.D. DENSMORE	06-08-98
STEVE OSBURN	06-08-98
JIM SEVERYN	06-16-80
SUZANNE DENCKER	06-17-96
ENRIQUE MORALES	06-17-96
MARK MESSINGER	06-17-96
TODD BARR	06-18-73
JEFFREY SAULS	06-19-98
KEVIN KNIGHT	06-19-00
DAN BRUCE	06-23-98
NICOLE DISTASIO	06-23-97
GABRIELLE PYLE	06-24-85
MARIANNA LA VECCHIA	06-26-00



BIRTHDAYS

JOHN KARONIS	06-01
J.D. DENSMORE	06-04
FRANK LEGGIO	06-08
TROY VAN WORMER	06-09
ROBERT FULGHUM	06-14
VIKAS CHINNAN	06-15
LYNN SENIOR	06-15
KEVIN BAIRD	06-19
NEIL BUCK	06-19
LAURA GILES	06-21
IGNACIO FELIX	06-25
VIC BHARGAVA	06-28
AL SAMBAR	06-28

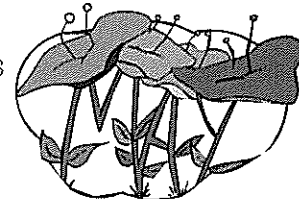


DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

IF YOUR ANNIVERSARY/BIRTHDAY INFORMATION IS NOT LISTED OR IS INACCURATE - PLEASE CONTACT IRMA M. ROSALES
 DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)
 FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHER: NICOLE DISTASIO
PUBLISHED BY: KSA MIAMI



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PROJECT POSTCARDS

STAPLES PKMS IMPLEMENTATION

-- BOB SMITH --

Staples, the multi-billion dollar office product retailer is currently experiencing 30% to 40% annual growth in their Staples Contract and Commercial (SCC) division. SCC deliveries office products through B2B and DTC distribution channels, with orders taken via phone, fax and the web. For example, a typical customer for SCC would be KSA. All the office supplies we use in the Atlanta office on a daily basis are delivered to us through the SCC division.

The SCC logistics network consists of 28 Staples fulfillment centers (FCs) and 9 Quill FCs (Quill is a company Staples purchased 2 years ago) located across the country. There is currently an effort to consolidate these FCs and eventually end up with 15 total. This will be a huge effort that Staples and Quill are starting this year and hope to complete over the next three years. The other huge project Staples is undertaking with KSA's assistance is the implementation of PkMS as the WMS of choice in all of their FCs that will be part of the eventual network consolidation. To date, PkMS has been implemented in three facilities: Charlotte, North Carolina; London, Ohio; and Ontario, California. Implementing PkMS at Staples is very challenging because of their 24-hour delivery policy. The policy is that an order taken before 5:00 PM today will be delivered by the end of the business day tomorrow. Staples the customer always comes first and there is no acceptable excuse for a late delivery. Hence, there is a tremendous amount of pressure around every FC's PkMS "Go Live" date to ensure all packages go out on time.

Staples first engaged KSA in June of 2000. **Steve Knapik, Andy Johnson and Bob Smith** kicked the project off by coming in on the tail end of the Staples' PkMS Conference Room Pilot (CRP). At this point in time, most of the modifications necessary to accommodate SCC's unique business requirements were already set. KSA took a high-level cursory look at the modifications and provided constructive feedback based on our previous experience with PkMS. KSA's main role was to lead, develop and execute the necessary testing and training programs that would ensure successful implementations. In July of 2000 **Brad Griffith** joined the team to assist with the training efforts. Steve, Andy and Brad were all instrumental in the Charlotte and London successful "Go Lives". The testing and training materials were written and refined based on these two facilities and were to be used as templates going forward for all other FCs.

The most recent FC to "Go Live" is the Ontario, CA facility. Andy and Brad were integral members of the Staples team. The "Go Live" date was April 30, 2001 and was the most successful implementation to date. The next facility to "Go Live" will be in Montgomery, New York with inbound occurring in July and outbound in September. Because of Staples desire to accelerate the Quill integration they have decided that Montgomery will be the last FC to "Go Live" this year. However, Staples wants to put KSA to the test by implementing PkMS in a total of 9 FCs next year. This will be a very aggressive schedule having to complete on average one FC per month (2 months of the year are blocked out due to peak shipping volumes.)

John Karonis, Steve Riepenhoff and Bob Smith are working with Staples to develop a plan to accomplish this objective. Staples has already interviewed a number of KSA consultants to assure we have the quantity and quality of resources available to pull off such an enormous task. After talking with our people, not only did they conclude we do have the resources, Staples became convinced that such an aggressive project could be successful. Interestingly enough, KSA is probably the only firm in the U.S. capable of implementing such a large PkMS initiative.

The past eleven months that we have worked with Staples on the PkMS implementation is a true testament to the old adage "good work begets more work". Initially we were supposed to be finished by the end of December 2000. By doing good work it looks like we will probably be there through the end of December 2001. In addition, the PkMS work has opened the door to at least four other initiatives. The only draw back is Boston gets awfully cold in the winter.



FULFILLMENT TECHNOLOGY NEWS

WMS RATING MATRIX

-- MICHAEL BARNES --

Working with Tony DeMaria is always a challenging and rewarding experience. Rarely do I come out of Tony's office with less than three new and wonderful ideas to follow up on how to either better position ourselves with the current client or how to dazzle the next one. His idea about a WMS rating matrix has been no exception. As a result of this latest epiphany, we have put together a list of what we feel will be the "WMSs of the future" and how they stack up against each other in functionality. The concept is very simple. We have developed a list of the top six WMS packages that we think will still be around after all the acquisitions, consolidations and mergers are complete. Then we made a list of all the available functionality across the packages and developed criteria for rating each functional area. For example, all the packages say they can support an ASN for a purchase order.

However, there are different levels at which an ASN can be supported as follows:

- 0: Support Manual Receipt Only
- 1: P.O. Information
- 2: Trailer Information
- 3: Case Information

Each package will receive the highest appropriate rating for each functional area. The strategy behind this is two fold.

- ✿ First, it will help give us a view as to how each package ranks against each other. If a client has a particular point of interest in a functional area or areas, we can more quickly assess which package might better fit their needs.
- ✿ Secondly it can potentially give us a tremendous advantage in the sales process. A typical WMS selection process last around twelve weeks. If we can confidently tell a client that we can expedite that process down to six to eight weeks by simply organizing and capitalizing on our previous experiences, it will give us a tremendous competitive edge and the inside track to an implementation.

It has also been my experience that Tony cannot leave a good idea at the first step. After we have completed the initial ranking process, we will then begin to rank each functional area depending on the specific business type. For example cross docking might rank very highly for a retailer but of little importance for a direct to consumer only client. This will allow us to tailor fit the best possible solution depending on the client's specific needs.

We also have plans to rank each functional area by style or ease of use. Where if two packages can both accomplish the same task but one requires three transactions and the other requires eight, the one with three transactions will receive a higher style or ease of use rating. In a high volume environment this will obviously be a huge factor.

For this to benefit us in the future, it will have to be consistently updated after each selection and implementation project. We will be soliciting the help of everyone involved with these projects in the future for both content and how to enhance our current process.



INDUSTRY INSIGHTS

WHY ONLINE GROCERS WON'T ALL GO HUNGRY (JANE BLACK FOR BUSINESS WEEK ONLINE, MAY 14, 2001)

-- NICOLE DiSTASIO --

When e-grocer Webvan lost both its high-profile CEO and its NASDAQ listing in the third week of April, the pure-play online-groceries sector appeared to have run out of coupons. Customer-acquisition rates for e-grocers failed to meet expectations, and the companies fell short of achieving a necessary critical mass of buyers to cover their overhead. Analysts clucked, saying that convincing people to buy tomatoes online is a tricky task.

Webvan has lasted the longest as a stand-alone. In October 2000, Priceline shuttered its WebHouse Club grocery service. A month later, Boston (Mass.) Streamline closed. The next day, New England regional competitor ShopLink checked out of the market. The first e-groceries service, Peapod, escaped bankruptcy in April 2000, thanks to a \$73 million infusion from \$60 billion Dutch grocery conglomerate Royal Ahold.

"They love it."

But hold the Mayo: This sector has life in it yet. While Webvan could still run out of cash in the next few quarters, a host of big, publicly traded grocery chains are now mounting their own e-grocery experiments or helping fallen dot-coms deliver the goods. "It's not a question of if this will happen, it's when," says Vic Orler, partner in the consumer goods and -services practice at consultancy Accenture. "Talk to people who have used any of the services. They love it. A lifestyle once expanded is not easily contracted."

Webvan is counting on customers such as Amrita Singhal, 35, of Berkeley, Calif., to save the day. "As the mother of two young kids, I have been relying on Webvan for over two years. For us, it is the No. 1 service to come out of the Internet," she says.

Singhal is far from alone. A two-year study of 412 shoppers completed last year by the University of Illinois reported that 43% of those who tried a Midwest online grocer kept using the service. Of those who continued, 62% said they now buy the majority of their groceries online instead of at the physical store.

That's why Forrester Research predicts that despite its slow start, the market for online grocery delivery will grow to \$7.2 billion in 2005, from \$600 million in 2000 -- growth that will largely come from bricks-and-mortar players.

Plenty of ventures

Every major U.S. grocery chain now is testing online shopping in at least one market or planning to launch a service by the end of the year. Royal Ahold has a 58% stake in Peapod, which offers co-branded service in Chicago, Boston, Connecticut's Fairfield County, Long Island, and Washington, D.C. Albertson's, a Boise (Idaho) chain with \$9.5 billion in 2000 sales, has been serving online customers in Seattle since 1999. In April 2000, Pleasanton, (CA) Safeway, which had \$31.9 billion in sales last year, acquired 50% of GroceryWorks, an Internet grocer currently serving three markets in Texas. Publix, a 649-store Lakeland (FL) chain with \$14.6 billion in annual sales, plans to launch its own service in Atlanta this summer.

"Online grocery can work in every market. But the model will be different in each market, depending on the peculiarities of that market. What works in New York won't work in Toledo," says Ken Cassar, an analyst with Jupiter Research. To figure out what works best, the grocery giants are testing several models. Royal Ahold, through Peapod, operates fulfillment centers adjacent to bricks-and-mortar stores in Fairfield County and Long Island. In Boston and Washington, D.C., Royal Ahold runs a freestanding packing warehouse. In Chicago, Peapod's original market and the first where it has achieved profitability, Royal Ahold doesn't own bricks-and-mortar stores, so packaged goods are trucked in to a small distribution center from Cleveland.

Learning and evolving

Peapod negotiates for produce with local markets but is able to leverage Royal Ahold's purchasing power to demand low prices. By tailoring models to the market, the company says it will achieve operating profitability in all of its markets by yearend. "In every new industry, you have to experiment and learn. We took the lessons we learned over the last 10 years and evolved. Many of our

competitors had very grandiose ideas that one size could fit all. But they didn't have the experience to prove it," says Peapod CEO Mark van Gelder.

Other chains have opted to try in-store packing. When an online order is received, the items are picked off the shelves of an existing store near the customer's house, packed, and sent out for delivery. Though the risk is that certain items will be out of stock, some stores are finding this system more economical than maintaining separate fulfillment centers.

Albertson's, for example, decided this winter that it would pull stock from five existing bricks-and-mortar stores in the Seattle area and close the warehouses it had built alongside them. The large fulfillment centers were stealing space from the traditional stores, limiting shoppers' selection. In-store packing gives online and real-world consumers more choice by making a full range of products available to traditional and online shoppers. Since switching models, general-merchandise selections have increased by 59% and bakery choices by 38%.

"Old-world thinking."

Other companies are experimenting with models that allow customers to order on the Web and pick up at the store. Foodland, a 27-store supermarket chain in Hawaii with over \$500 million in sales, lets shoppers pick up their online orders at a drive-through window. That's only one step beyond faxed-in orders, but the automation alone could save significant costs. To boot, this method keeps shoppers coming to the stores, giving the grocers an opportunity to extend special offers to enhance customer loyalty.

Still, the future of the industry may look more like 7-Eleven than Safeway. Accenture's Orler says a vertically integrated model where grocers do everything from procuring supplies to delivering the goods is "old-world thinking." Instead, he advocates a network model, where retailers manage the relationship with the consumer; warehouse companies offer pick-and-pack services, just as they do for convenience stores; and distribution companies such as FedEx and UPS provide transportation. FedEx's home-delivery effort, which should reach 80% of U.S. residences by late 2001, could work as a vehicle for these services. "The economics of this depend on each partner leveraging their expertise," Orler says.

Surely, such an integrated model is a long way off. And the Webvans of the world have proven that consumer behavior doesn't change as quickly as Wall Street analysts demand. But big bricks-and-mortar players have a much stronger hand to start with. They don't need to acquire customers, build relationships with wholesalers, or buy fleets of trucks. They have well-oiled marketing machines already in place and the luxury of buying up the assets and customer lists of failed dot-com grocers at pennies on the dollar. Plus, they have plenty of access to capital markets. Combine those ingredients, and you have a recipe for slow but steady growth in online food sales.

Quote of the week...

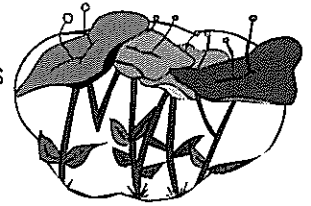
"Success is not measured by heights attained but by obstacles overcome. We're going to pass through many obstacles in our lives: good days, bad days. But the successful person will overcome those obstacles and constantly move forward."

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)
 FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHER: NICOLE DISTASIO
PUBLISHED BY: KSA MIAMI



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DIRECTOR'S CORNER

"CHECKOUT" KSA'S GROCERY EXPERIENCE

-- KEN WALKER --

I'd like to expand on John Champion's comments regarding the encouraging opportunities in Consumer Packaged Goods as it relates to the grocery industry. The grocery industry is roughly four times the size of the apparel industry at almost \$500 Billion and given the current economic environment is positioned for near term growth as more folks opt to save money by preparing their own meals as opposed to eating in restaurants. The industry is also going through a major consolidation in a continuing effort to achieve even greater economies of scale and to maintain some measure of parity as Wal-Mart continues its impressive growth in the food industry through growth of its Supercenters.

Interestingly, KSA's first significant grocery work was sponsored by all of the major trade organizations in the grocery industry to learn how to compete against Wal-Mart. That work began in 1992 and culminated with the development of Efficient Consumer Response (ECR) which identified a potential \$30 Billion cost avoidance opportunity through the development and application of supply chain efficiency techniques that KSA pioneered a decade earlier for the general merchandise industry - Quick Response.

The delivery of the ECR report in January of 1993 established KSA as a thought leader in an industry that was new to us at the time. Since then we have delivered numerous speeches, written several articles and participated from the podium in many industry forums. This experience, the addition of senior hires with solid industry experience and most recently, the merger with Swander Pace positions KSA for exciting growth in the grocery industry.

Taking a moment to look back we have worked with:

- ☼ The largest grocer in the US and fourth largest in the world (at the time) – Kroger
- ☼ The two largest wholesalers in the US – Super Valu and Fleming
- ☼ Several of the industry's leading regional grocers – Von's, HEB, Randall's, Hannaford, and Publix
- ☼ The largest co-op in the US – Wakefern
- ☼ A division of one of the largest food manufacturers – Hunt/Wesson, a division of Con-Agra

This is not an inclusive list of our US grocery clients, and does not include our work in the grocery industry in the Far East and Europe. It does demonstrate our ability to provide implementation as well as thought leadership to industry leading clients. We are certainly "encouraged at the opportunities that are available in the Consumer Packaged Goods sector"!



FULFILLMENT TECHNOLOGY NEWS

THE NAKED TRUTH ABOUT INTERFACES

-- MARC BESSHO --

What do the following acronyms have in common?
HTML XML TCP/IP UDP SSL BGP HTTP FTP FSP PING

Well besides getting techies all geeked up into a propeller-headed frenzy, these terms are all parts of what we commonly refer to as interfaces.

Why should you care? Well, aside from having a conversation starter at the next Star Trek convention, more and more of what we do as KSA consultants (even you I.E. types) involves technology and one of the keys to the effective use of technology is making systems (people, processes, computers, conveyors, sorters, scanners, etc) work together or ...interface.

In 1984 the ISO published a model for inter-computer communications (interfaces) called the Open Systems Interconnect (OSI) model. This is a conceptual model describing how information from a software application in one computer moves over a network to a software application on another computer.

The model is simply a breakout of the tasks associated with this transfer into seven functional groups called layers. Each layer is reasonably self contained so they can be implemented and/or updated independently without adversely affecting the other layers.

Without going into the excruciating details the seven layers are:

- 1 - Physical
- 2 - Data Link
- 3 - Network
- 4 - Transport
- 5 - Session
- 6 - Presentation
- 7 - Application

Now here's the part to remember when trying to chat up the Carry Moss look-alike (Get real!) at the next DragonCon: OSI itself is not a method of communication. Actual communication is made possible by using communication protocols. In the context of data networking, a protocol is a formal set of rules and conventions that governs how computers exchange information over a network medium. So all those really cool acronyms are protocols that implement one or more of the OSI layers.

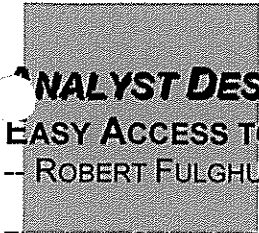
For the full definitions of these and other really sexy acronyms, check out the Tech Primer in the Fulfillment Technology Public Area by

- ✿ Going opening MS OUTLOOK
- ✿ Clicking on the folder list on your toolbar
- ✿ Drill down on the public folders:

Public folders
KSA forums
Consumer Products Division
306 Fulfillment
Fulfillment Technology
Public Area

Keep checking for ... thrilling revelations about Customer Relationship Management; alien abductions, WMS news, government mind control, Supply Chain Event Management and more!





ANALYST DESK

EASY ACCESS TO SIOR (SOCIETY OF INDUSTRIAL AND OFFICE REALTORS) DATA

-- ROBERT FULGHUM --

Thanks to Gabrielle Pyle, it is now possible for anyone in Fulfillment Services to access lease and construction rates as well as other data from the Society of Industrial and Office Realtors on line. Simply go to their web site: www.sior.com and click on "Locate Market Data". When prompted, enter the following username and password and you are in!

Username: gop@kurtsalmon.com
Password: 25040

To obtain data, simply select the specific area and industrial reports you are interested in.

Available reports include:

- ⊛ Industrial Absorption (High-Tech/R&D, Manufacturing, Warehouse/Dist.)
- ⊛ Industrial Construction (High-Tech/R&D, Manufacturing, Warehouse/Dist.)
- ⊛ Industrial Lease Prices (High-Tech/R&D, Manufacturing, Warehouse/Dist.)
- ⊛ Industrial Sales Prices (High-Tech/R&D, Manufacturing, Warehouse/Dist.)
- ⊛ Office Absorption
- ⊛ Office Construction
- ⊛ Office Rental Rates
- ⊛ Office Vacancies
- ⊛ Industrial Survey Report
- ⊛ Office Survey Report



NEWS, NOTES, AND NONSENSE

TURNING CUSTOMERS INTO CLIENTS FOR LIFE AND OTHER CHALLENGES

-- PAM BECKERMAN --

The good news is that deep, lasting client relationships are within reach for all consultants and other professionals. The bad news is, there is no panacea - no fast-acting tonic - that can transform transient client relationships into a lifelong exchange. And yet, that is exactly what most professionals want - to turn existing customers into life-long clients.

The process by which a few outstanding professionals are able to make that happen is the territory that Jagdish N. Sheth <<http://www.emory.edu/BUS/FACULTY/MARKETING/sheth.html>> and Andrew Sobel explore in their book, *Clients for Life: How Great Professionals Develop Breakthrough Relationships*. Sheth, who teaches marketing at Goizueta, and Sobel, a consultant who heads the professional development firm Client Leadership, point out that at *the core of every lasting client relationship is an "extraordinary adviser" - one who makes him or herself indispensable to the client*. But becoming indispensable is difficult in a market glutted with information. It requires becoming an extraordinary person who is hungry for knowledge, independent, selfless, empathetic, well rounded, profoundly ethical, and capable of synthesizing divergent ideas into meaningful solutions.

In today's market, being an expert-for-hire is not enough, says Sheth. "At one point I was the expert," he notes, "but now my students can go to a web site and learn more about a company than they can from me." To stand out, professionals must offer more than focused knowledge. They must provide a breadth and depth of understanding that spans many fields and strive to earn their clients' personal trust. In short, they must focus on becoming *advisers* rather than experts.

While the qualities of a great adviser are difficult to teach, they are easier to illustrate. Each chapter of *Clients for Life* profiles a historical figure who embodies the traits that Sheth and Sobel want to highlight. For example, in Thomas More's refusal to endorse King Henry VIII's divorce from Catherine of Aragon, he displayed a "selfless independence" that Sheth and Sobel believe is essential to good advising. "Thomas More] was completely devoted to King Henry," they write, "yet there were some things he just wouldn't do." Based on interviews with clients and successful advisers such as former MediaOne CEO Chuck Lillis, the authors says that the ability to maintain emotional, professional and financial distance while supporting the client's agenda is the first step to creating lasting relationships.

The second step is subtler, yet equally essential. It involves paying attention to a client's hidden emotional cues as a way to develop meaningful personal and professional bonds. Sheth and Sobel call this skill "empathy," and write that three preconditions foster the ability to exercise it: Sincere interest in others; self-awareness tempered with emotional self-control; and personal listening skills.

While the authors acknowledge that professional listening skills are important to conducting business efficiently, they point out that without the ability to "tune in on a personal level," advisers will find it difficult to establish a lasting, collaborative relationship. "Great client advisers are superb listeners," they write. "Their ability not only helps them gain information critical to their work, but gives their clients breathing space and allows them to think through the issues on their own."

To improve one's ability to empathize, Sheth and Sobel suggest placing oneself in unfamiliar situations and asking lots of questions. They also suggest traveling as a way to understand the human psyche. It is no accident, they say, that some of the world's greatest writers have used travel to fuel their creativity.

Such commitment to exploration can contribute to another essential attribute of great advisers: "Deep generalism." This means cultivating a deep understanding of subjects that reach far beyond one's core expertise. To do this, one must acquire knowledge, as would a student - studying the larger context of one's work, following personal interests and engaging in undirected exploration. This can be overwhelming for professionals struggling to keep abreast of rapid changes within their own fields. "Unfortunately, just being up-to-date in your field alone is not sufficient to inspire client loyalty," the book says.

After amassing information, professionals must be able to synthesize what they have learned in order to create value for their clients. But "big picture thinking" cannot take place without a "clear, overarching purpose," Sheth and Sobel write. In the case of Niccolò Machiavelli, the 16th century political adviser who wrote *The Prince*, the overarching purpose was to achieve a unified, stable Italian state.

With the ultimate goal in mind, an adviser can begin the process of synthesis by identifying patterns, simplifying important issues and creating new ideas based on old information. The authors distinguish between synthesis and analysis as opposites that rely on each other to create meaning. Analysis is the ordered process of breaking things down and studying their pieces. Synthesis fuses these pieces in a way that is often illogical. Clients know the difference between synthesis and analysis, the book says, and they immensely value advisers who are gifted at synthesis.

But synthesizing does not the end the adviser's job. Next he or she must counsel the client on a course of action. This requires good judgement, which can be achieved only through balance. Sheth and Sobel have observed five practices among extraordinary advisers that - when balanced - produce sound judgement: Great advisers frame problems appropriately; gather facts creatively; follow their intuition; employ a clear set of personal values; and are honest enough to learn from experience by admitting failures and not taking too much credit for successes.

Having strong personal values based on proven experience also contributes to an adviser's conviction. Good judgement, supported by conviction, is a powerful tool for advisers, the book says. Finally, an adviser must inspire trust to ensure lasting client relationships, Sheth and Sobel recommend. Often the casualty of profit objectives, trust is a disappearing commodity in today's marketplace. Great advisers believe that no amount of money justifies compromising one's integrity, and this conviction elicits their clients' trust.

To illustrate the importance of integrity, Sheth provides a trust formula: Trust equals integrity multiplied by competence, divided by risk. "Your clients' perception of each factor in the equation will raise or lower the trust they place in you," he says. An adviser's integrity also must extend beyond the professional world - to his or her personal life - to inspire clients' trust, he adds.

After exploring some of the pitfalls to avoid in client relationships, *Clients for Life* ends with a look at the soul of an extraordinary professional. Based on interviews with such professionals, Sheth and Sobel write that great advisers possess certain outlooks - including an abundance mentality, a clear mission, the ability to learn from adversity, and a commitment to self-renewal - that inform every aspect of their work. "These are not so much personal characteristics as they are ways of looking at the world," they write. "If you cultivate them, your ability to add value . . . be enhanced, and you'll become a more appealing person to your clients - someone they will both respect and enjoy spending time with."

Clients for Life teach that extraordinary professionals are extraordinary people. They are students of the human condition whose personal values inform their professional conduct and whose ability to create meaning for their clients makes them indispensable.

Quote of the week . . .

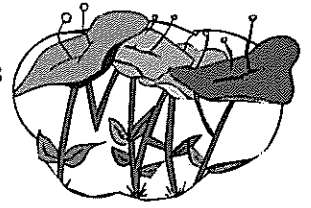
"When you feel that you have reached the end
and that you cannot go one step further,
when life seems to be drained of all purpose:
What a wonderful opportunity to start all over again,
to turn over a new page.
-- Eileen Caddy --

DEADLINES FOR SUBMISSIONS TO THE HOT SHEET
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THE HOTSHEET

EDITOR:
CONTRIBUTING
PUBLISHER:
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IRMA M. ROSALES
NICOLE DISTASIO
KSA MIAMI



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DIRECTOR'S CORNER

ALL I'VE LEARNED

-- MICHAEL SWIFT --

I figure that everything I have learned about consulting ought to fit into a few bullet points. Here they are:

- ☉ ***Do not compromise Quality***
 - Clients are like selective elephants - they remember everything, especially the strong and weak performances.

- ☉ ***Stay on top of the Issues***
 - Summarize objectives, facts, statistics, and results in a cheat sheet.
 - Update it throughout the project, and then keep it.
 - When asked about Project XYZ years later, this short summary can be your quickest and best source of information.
 - An entire career fits within a small ring binder.

- ☉ ***Stay in Contact***
 - The client personnel with whom you are working today may drive consulting decisions for years to come.
 - Our clients would rather work with a trusted friend than a stranger.

- ☉ ***Keep your eyes and ears open***
 - The top-quality consultant who notices an opportunity is likely to get the work.

- ☉ ***Read the news***
 - We establish credibility when we understand events in the industry.
 - We become superstars if we can translate this into accurate predictions for the future.

- ☉ ***Present results from the top down***
 - Keep the message simple, but cover the full range of perspectives (numbers, people issues, risks, etc.)
 - Bury all those great details in an appendix.

- ☉ ***Help your colleagues***
 - They'll repay the compliment over and over. We really are all in this together.

.....

PROJECT POSTCARD

2B CONSORTIUM UPDATE

-- MIKE GREGORY --

KSA is continuing the next phase with the B2B Consortium of branded apparel manufacturers and department store retailers. KSA's efforts are going to be focused on the proof-of-concept of the planning work we performed with the group during the first phase of the project. For this phase of work, the consortium is performing five initiatives that have been divided into two tracks.

- ⊗ A merchandising track that focuses on two areas: POS information and CPFR execution.
- ⊗ A logistics track that focuses on three areas:
 - reverse logistics
 - reduced carton handling
 - eliminating invoicing

The KSA team consists of **Kathryn Cullen**, **Sandra Recca** and **John Schwager** on the merchandising track and **Mike Gregory**, **Steve Knapik** and **Noam Paransky** on the Logistics track.

The three logistics initiatives have the following objectives:

- ⊗ Reverse logistics (two areas covered – accommodations and damage/defects):
 - Demonstrate the feasibility and cost savings of using allowances as an alternative to the physical flow of defective/damaged merchandise from retailer to manufacturer (Pilot A)
 - Determine the potential savings from streamlining the reverse logistics processes for accommodations by using reverse ASN, item level labeling and carton labeling (Pilot B)
- ⊗ Carton handling reduction:
 - Demonstrate the potential to combine multiple purchase orders into one carton. Estimate supply chain savings from reduced handling, decreased shipping, reduced EDI communication and reduced corrugated expenses
- ⊗ Eliminate 810 EDI invoice:
 - Determine the feasibility and evaluate the savings generated in the elimination of the EDI 810 invoice document

These initiatives were chosen from a larger list of initiatives. The logistics initiatives remaining to be addressed by the consortium are some of the things that will have a very large impact on their business but represent much more complexity to define and implement. These initiatives include:

- ⊗ Collaborative distribution: trading partners share the costs of distribution by combining manufacturer and retailer distribution functions under the same roof. This also reduces much of the cross-country transportation costs by enabling goods received on the West Coast from the Far East to stay on the West Coast at a 3rd party or retailer DC until released to ship to stores.
- ⊗ Collaborative transportation: trading partners and transportation vendors work together to reduce shipping costs by utilizing truckload shipments and modifying shipping schedules/routing.
- ⊗ Level shipping plan: modify the open-to-buy cycle to spread shipments from apparel manufacturers to retailers across the entire month rather than shipping the majority of shipments at the end of the month.
- ⊗ Delayed-Responsive Allocations: for fashion orders, provide the final store allocation as late as possible in the process to get the right product in the right quantities (*and sizes*) to the right stores.

- Pre-planned assortment: retailers share assortment planning earlier in the order process with manufacturers to enable manufacturers to package merchandise in store-ready cases at the factory, reducing the costs of break-case pick and pack in the manufacturers' domestic DC. To gain synergy with delayed-responsive allocations, merchandise will be pre-assorted to a store cluster level and manufacturers can use solid case SKU's for fill-in merchandise to round out an assortment. By changing the assignment of stores to a specific cluster as late as possible, retailers can capitalize on the most recent merchandising data available. When combined with collaborative distribution concepts, it will permit a manufacturer to load containers at the factory based on the ultimate retail (or collaborative 3rd party) distribution center location in the US.
- Order tracking / visibility: manufacturers and retailers share order status and event tracking information. An SCEM solution is used to provide notification and alerts to missed dates, deadlines or upcoming activities.

The clients that KSA has signed-up for this phase of work include Federated, Saks, May Co., Jockey, Vanity Fair, Liz Claiborne, Jones Apparel Group, Estee Lauder, Kenneth Cole and Nautica. We have also received verbal confirmation from Westpoint Stevens and PVH. We are working to include several additional retailers and branded manufacturers. For the logistics initiatives, KSA will be working with May Co., Federated, VF, Jockey, Estee Lauder and Kenneth Cole.

The deliverables from the first phase of the project are posted on the Intranet. Currently they are for internal use only. The intranet folders contain a process map that defines the communication between retailers and manufacturers, the data to support the process map, a detailed description of the pilots proposed for the current phase and a list of software vendors that KSA assessed for the retailer-manufacturer processes. Individuals working on the first phase of the project included: Kathryn Cullen, Mike Gregory, Steve Knapik, **Clark Riess, Jeff Stiely, Andrew Zgutowicz, Justin Cassey, Matt Katz and Bryan Eshelman**. We received a lot of help from subject matter experts throughout KSA including, in the logistics area, **Randy Moore, Steve Riepenhoff, Torre Crupie** and many others.

we will keep everyone updated on the progress of the initiatives and keep you informed of the technology solutions that will be chosen during the implementation. We also will be contacting many of you as we go forward to ask for your expertise in the areas we're working.



FULLFILLMENT TECHNOLOGY NEWS

SCEM

-- IRIS CHANG --

A few weeks ago, you read an article submitted by Mike Gregory in this same corner of the HotSheet on KSA's SCEM center of excellence. No, it's not "skem" or "skim" or any other milk derivative! It really is S-C-E-M, and it stands for Supply Chain Event Management. What's that? You ask.

Glad you asked. SCEM is the practice of managing events or occurrences within your supply chain -- for both internal and external business processes. Typical SCEM technology revolves around software that companies use to manage short time-horizon events within their enterprise as well as across multiple enterprises, with their external trading partners. This technology can be hosted internally or externally via a third party.

So, how do you know when a client might need SCEM services? Great question! If you hear clients mention "lack of visibility," that's a strong sign that the client is in need of KSA's SCEM services. Clients such as Kmart experienced this lack of visibility. Kmart's DC's (and stores) had limited visibility to inbound shipments and their shipment priorities. No single person internal or external to their organization knew the location or status of critical Ad merchandise. In addition, there was no method of distinguishing or prioritizing these critical shipments over others.

Another sign that a client may need a SCEM application is when product or information becomes lost or unaccounted for. For example, during last holiday season, Walmart.com was unable to track the status of their new item setup through their systems. That, in turn, affected their ability to send new item setup files to their third party providers in a timely fashion. Therefore, product on the 3PL receiving docks while people rushed to find and send the missing information.

These are only two of many examples where clients need help to manage and track their processes. In each of these examples KSA was able to help the client identify the need and develop an internal SCEM tool to better manage their processes. Many vendors are recognizing that need as well. There is a diverse and growing group of software vendors who are taking notice. Some dedicated providers in this space include Vigilance and SeeCommerce. Other providers of SCEM software are better known for their WMS products, such as Yantra, McHugh, or EXE, to name a few.

Sound interesting? If so, we are currently scheduling vendor demos throughout May and June in the Atlanta office. If you are interested and will be in the Atlanta office please let Robert Fulghum or Iris Chang know. We'll be glad to forward you the latest schedule of upcoming demos.



INDUSTRY INSIGHTS

WAREHOUSING MANAGEMENT, BY JIM WHALEN (03/01/2001)

-- NICOLE DISTASIO --

With the slowing economy, companies can no longer afford to lose money on costly returns

In an ideal world, reverse logistics would not exist. Distribution centers would achieve 100 percent order-fulfillment accuracy, retailers would sell their entire inventory, manufacturers would produce flawless merchandise and no one would ever have to worry about items being returned. The truth is, for one reason or another, materials do come back and it is up to those involved in the warehouse to effectively recover as much of the cost for these items as possible.

Whether a company handles its own returns or outsources the task to a third party, it is important for a business to invest in an effective reverse logistics program. Traditionally, many companies simply accumulated returns in the back of their warehouse without any consideration as to why the items were placed there. Eventually, someone would come in and buy the discarded material in bulk, or the items were simply discarded. However, these disposal methods resulted in a serious loss of revenue for the company.

"Reverse logistics is always the last thing that a company wants to focus on," says Buzzy Wyland, president of manufacturing services at GENCO Distribution System, a logistics service provider in Pittsburgh, PA. "Most companies view development and market share of new products as their primary concern. However, they neglect to focus on what didn't sell. Often, a thorough examination of materials coming back through the pipeline yields astonishing results that can have profound effects on existing marketing, packaging and production strategies.

"As an example, we once worked with a company that manufactured bread-making machines," he continues. "Around Christmas, we began to notice a significant spike in the number of these machines being returned to the distribution center. Our examinations of the product determined that all of the items were in good working order. However, upon further investigation, it was discovered that the image representing the bread on the box and the actual loaf cooked in the machine were so different that consumers were returning the items in droves. After the proper adjustments were made to the image on the packaging, no machines were returned to the warehouse."

Most products come back to distribution centers as either transportation or sales returns. Transportation returns can account for up to 60 percent of items returning to the warehouse. Improper order fulfillment, wrong items received, purchase order inconsistencies and damaged items are all prime examples of transportation returns. The remaining 40 percent are made up of sales returns, which include discontinued, overstocked and seasonal items.

"The knowledge that is gained from returns is the most valuable end product of a solid reverse logistics program," says Al Giunchi, director of distribution logistics at Hartz Mountain Corp., a manufacturer and distributor of pet supplies headquartered in Secaucus, NJ. "Once you understand why items are being returned, the necessary adjustments can be made to the process that will prevent this occurrence from happening in the future. The savings in materials labor resources and transportation costs can be significant. In essence, the ultimate goal of a successful reverse logistics program should be to phase itself out over time through systematic process improvements."

In the past 10 years, most retailers and manufacturers have adopted a universal returns policy in an effort to remain competitive. Depending on the product, average returns range between 2 percent and 3 percent. Recently, distribution centers have seen rises in returns exceed 6 percent. In the case of online direct-to-consumer sales, that rate can be as high as 50 percent.

"a typical scenario with clothing e-tailers, customers will order three identical items of clothing in three different sizes. After trying them on at home, they will keep one and return the other two items that don't fit for a refund," says Wyland.

As a result, a need developed among retailers, manufacturers and customers for timely, efficient and accurate reconciliation of return claims. Retailers and customers want quick credit for their returned items and manufacturers want their items returned in a re-usable or resellable manner.

"The key to a successful reverse logistics program is to quickly reimburse the retailers and customers, and then recover the cost of the returned product for the manufacturer," says Kevin Sheehan, president and CEO of USF Processors, a reverse logistics provider in Dallas, TX. "By repackaging, refurbishing or recycling returned items, an investment in reverse logistics can have the effect of driving down the costs of initially producing these items. This type of savings can then be passed along directly to the consumer or be absorbed by the company by lowering their overall production rates."

By utilizing a centralized reclamation facility as a single point of return, the problems associated with numerous retailers individually returning items to a single vendor can be bypassed. Often swift and accurate asset recovery can be hampered in warehouses by problems with improper paperwork, unlabeled or unpackaged merchandise, and complex multiple returns. However, a reclamation facility with a strong reverse logistics program can effectively organize bulk returns to numerous vendors, investigate distribution abnormalities, expedite financial transactions and facilitate inventory liquidation processes all at the same time.

"We deal with between 30,000 and 100,000 individual vendor items at our distribution facilities," says Terry Tysseland, senior vice president of U.S. operations for Ingram Micro, a wholesale distributor of microcomputer products in Santa Ana, CA. "Our reverse logistics facilities automatically sort returns and aggregate each by vendor into specific cases. The cases are then palletized. Once a pallet is complete, it is automatically released to the vendor. In this way, shipping costs are minimized and reimbursement occurs in bulk rather than by individual items."

Centralized reclamation facilities are also ideal sites for refurbished and repackaged items that can be resold in primary markets. Often, as in the case of overstocked items, the merchandise is in perfect condition. Items that require repackaging due to seasonal changes also fall into this category. If items can't be sold in primary markets, secondary markets such as those existing at discount stores or overseas can help companies effectively recover revenue.

"Brand-name items with small defects, such as sweaters missing buttons, are considered less valuable in the U.S., but can fetch a high price in foreign markets," says GENCO's Wyland. "An efficient centralized reclamation facility will help a company control brand recognition overseas by producing the proper exportation documentation and by taking care of duty requirements, which can often get complicated."

Recycling products that cannot be returned to market is the final alternative for recouping money on returned items. Often damaged materials can be broken down into parts and sold to recycling outfits that sell the raw materials back to manufacturers.

"Another advantage that our reverse logistics program has afforded us is our ability to recycle returned materials that can't be resold at market," says Ingram Micro's Tysseland. "We sell the cardboard and plastic that is returned through our reclamation facilities in bulk to recyclers."

As the economy continues to slow, returns are bound to increase. No longer can companies afford to watch costly returns pile up in their warehouses only to dispose of them later at a further financial loss. By implementing an effective reverse logistics program, forward logistics can be enhanced, which will ultimately make a big difference on a company's bottom line.



NEWS, NOTES, AND NONSENSE

AVOIDING THE SIX WORST THINGS YOU CAN DO TO YOUR CLIENT (FROM THE KENNEDY WEBSITE)

-- PAM BECKERMAN --

Any number of factors can cause a consulting engagement to go bad, but according to an analysis by Kennedy Information Research Group, there are a few major shortcomings that crop up again and again.

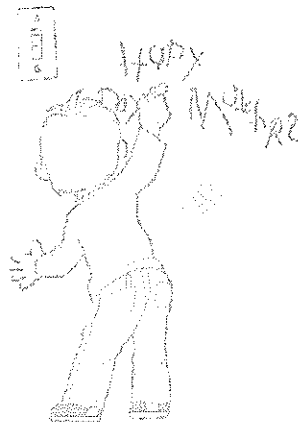
In *The Management Consulting Client Intelligence Report*, a survey of 242 CEOs and senior executives who have used consultants, KIRG (a division of CN publisher Kennedy Information) identified six frequent criticisms:

- ⊛ Price was the top client complaint, even though clients say it is the least important factor in choosing a consulting firm. Consultants should avoid discussing fees with client employees and avoid displays of unnecessary spending.
- ⊛ Poor implementation of solutions is another big gripe among consulting clients. The analysts note that although good strategies can be readily implemented, the hand-off to the client must occur sooner or later. Consultants are best off only promising what they can deliver in the realm of implementation.
- ⊛ The less you know about the client, the more dissatisfied the client will be. Know the names of key executives, use the right jargon and acronyms, and have a grasp on who the client's customers and competitors are.
- ⊛ Generally poor work will not go unnoticed by the client, who can tell when a consultant is only making cameo appearances. Interestingly, the clients surveyed don't mind when partners disappear from the engagement and are replaced by less expensive staff, as long as they get results.
- ⊛ Disruptiveness to the client occurs when less experienced consultants work with resistant client staff. Senior consultants must be sure that their team members are trained in people skills so the client executive doesn't have to intervene.
- ⊛ Canned solutions will annoy clients who have spent a lot of money on a consultant in hopes of unlocking competitive advantage. Consulting firms have to customize their basic templates, checklists, and methodologies to individual clients.

Quote of the week...

"Human beings are not born once and for all
on the day their mothers give birth to them, but...
life obliges them over and over again
to give birth to themselves."

-- Gabriel Garcia Marquez --



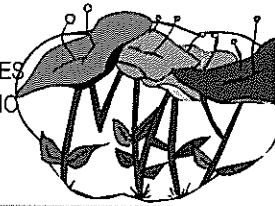
DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DiSTASIO
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION * MAY 4, 2001, VOL. 10, NO. 17

CONSULTANT SPOTLIGHT

LORI DIGULLA



"It is not because things are difficult that we do not dare; it is because we do not dare that they are difficult" - Lucius Annaeus Seneca, Roman playwright.

Lori is one of KSA's newest Managers based out of the Princeton office. She came to KSA in May of 1999 by way of Toronto, Canada, after graduating from Queen's University in Kingston, Ontario with a BS in Chemical Engineering. Her time at Queen's University saw Lori involved in many activities including student government, managing one of the campus' pubs for a year and being elected to the University council in her final year. Lori also received several awards for involvement and leadership while at Queen's. You may want to ask Lori to explain, in her own words, her participation in the Queen's University freshman tradition of climbing a 40-foot goal post covered in axle grease.

Always up for a challenge, Lori loves any outside activities, especially hiking and camping. This love of the outdoors extends to team sports as well. She enjoys any sport that allows you to keep score and play on a team, though her favorite sports are hockey, volleyball, ultimate Frisbee, and flag football. She also enjoys golf, and it is said she has a knack for embarrassing others on the golf course with her abilities. Lori's 15 minutes of fame dream would be to score a goal in the women's Olympic hockey finals to win gold... for Canada.

Lori is another KSA'er with a taste for adventure. From kayaking in Glacier Bay, Alaska to visiting the Masai Mara National Park in Kenya, Lori loves to see the world. At different times, she has been up close and personal with Killer Whales and visited the native lands and villages of the Masai Mara Tribe in Kenya. Lori especially enjoys recalling the amazing people she has met along the way during her travels.

Aside from her active life style, Lori is also known for her generosity and team spirit. She is known for coming up with the best nicknames for relocators in the Princeton office and frequently cooks dinner for those relocators making their way through Princeton.

Currently Lori is hard at work on a web site launch with Wal-mart.com.



FULLILLMENT TECHNOLOGY NEWS

OUR MYTHS ABOUT CRM BILL OWENS, INDIRECT CHANNEL MANAGER, ADONIX (www.adonix.com)
(FROM [HTTP://CRM.ITTOOLBOX.COM](http://CRM.ITTOOLBOX.COM))

--SUZANNE DENCKER --

Increased competition spawned by the Internet is forcing midsize companies to look for ways to reduce the cost of sales and increase customer loyalty. Customer relationship management (CRM) offers businesses the opportunity to do both by enabling them to automate many sales and marketing functions and tailor products and services to individual buyers.

A recent Gartner Group study has found that there are more than 500 companies claiming to make CRM software, while only about 200 of them can legitimately make that claim. The proliferation of CRM vendors and the hype they generate have created confusion about what exactly CRM is and how a business should approach it. There are four prevalent myths that a midsize company should avoid in its search for the right CRM package.

Myth: CRM is just about technology.

Reality: CRM is not just technology. CRM is a new way of looking at your business. A comprehensive definition of CRM is "the business strategy, process, culture and technology to enable organizations to optimize revenue and increase shareholder value by understanding and meeting customers' needs."

To be successful, a company should look at CRM as an opportunity to shift its focus from performing processes to serving customers. That requires a critical examination of all a company's business processes from the standpoint of optimizing its relationship with the customer, not just maximizing efficiency and quality. It requires a re-orientation of company culture based on the recognition of the fact that every employee - from customer service representative to billing clerk to stock picker - directly contributes to building the relationship with the customer. Management and personnel in all departments have to buy into the CRM initiative and learn to think in a customer-oriented way.

Myth: CRM is just about improving sales.

Reality: CRM cuts across business processes. Depending what business it is in, a company might configure its CRM system to include any of the following functions:

- ⊗ Contact and opportunity management
- ⊗ Field service and dispatch
- ⊗ Sales configuration
- ⊗ Sales force automation
- ⊗ Marketing campaign management
- ⊗ Telephone call center management

To determine what CRM functions it requires, therefore, a business should do a thorough analysis of its markets, distribution channels and customers' needs. A screw fastener manufacturer has little need for sales configuration, but a company that sells assembled-to-order computers does. A company that sells and services conveyor belts needs to manage field service and dispatch, while canned goods maker does not. An aftermarket auto parts producer selling to thousands of repair shops can use contact and opportunity management software; a captive job shop probably can probably do quite well without it.

One thing CRM does require is a Web interface to enable a company to:

- Accurately identify potential sources for new business
- Cost-effectively deliver customized information to customers and prospects based on data accumulated in their profiles
- Quickly handle orders and inquiries
- Share information with suppliers.

Myth: You can just buy a CRM package and bolt it onto your existing systems.

Reality: Installing and integrating a CRM system is a major investment in time and money and represents a significant risk for a midsize company. Bolting on a system can open a Pandora's box of systems integration troubles:

- Building interfaces (if there are no application program interfaces-APIs--for your legacy systems) or an information portal to provide integrated, browser-based access to information from your different systems
- Web-enabling your legacy software: If your back office systems are more than five years old, chances are they weren't designed for the Internet.
- Eliminating redundancies and overlaps. CRM performs many functions already handled by back office systems, such as sales configuration and order entry. You'll have to decide which system you want to perform those functions and how you want the CRM and back office systems to interact.
- Creating a central data depository or making sure that your CRM software can access data maintained by other departments quickly, cost-effectively and accurately.

Without adequate planning and budgeting for integration, you could spend more on integration than you paid for the CRM software.

Myth: A midsize company's best bet is to use the same CRM package its larger competitors do

Reality: Midsize companies need many of the same capabilities that large companies do, but they don't have the money to spend on a complicated multi-component package from a CRM vendor that serves large corporations. Nor can they afford the time or the risk involved in installing large-company CRM software, which can take months with no guarantee of success. A prolonged installation can jeopardize a midsize company's ability to operate over the short term: productivity drops as operations are disrupted, customer service deteriorates, operating costs increase, and morale suffers. There are other alternatives, each with its own tradeoffs.

At the lower end of the CRM spectrum are products geared for small business: simple, inexpensive canned applications that plug-and-play, but provide only basic features in a given functional area. While inexpensive and easy to install and use, they don't give a midsize company the functionality or flexibility it needs to react rapidly to customers and marketplace developments.

One alternative is to look to vendors experienced in developing versatile multi-function enterprise applications. Because there are many overlaps between the functions performed by enterprise resource planning (ERP) and CRM systems, it makes sense to investigate what ERP software vendors have to offer in the way of CRM.

If you are operating an ERP system or an application from an ERP system vendor, that vendor should be the first person you call look for CRM applications.

Many ERP system vendors are partnering with CRM developers to integrate CRM into their ERP packages. This approach has advantages over bolting a CRM package onto your existing system, because somebody else has already done the integration. You will get a contemporary, comprehensive Web-enabled system, but no matter how much work was done to eliminate redundancies and synchronize data files the two systems are likely to look and act differently. The learning curve for this package may be longer than anticipated.

Other ERP system vendors are developing their own CRM components. The buyer will get well-integrated components, CRM functionality that is consonant with the needs of the ERP vendor's market, and a consistent look and feel. This approach makes it possible to achieve the goal of making all a company's processes customer-centered. For many midsize companies, buying an ERP system with the CRM capabilities it needs is the least expensive option in both the short and long term.

If you haven't yet installed an integrated company-wide information management system, it might be the time to move to one that offers a CRM module with the functions you need. A system like this can be implemented one module at a time, starting with the modules most relevant to the company's business processes, to spread the cost over time.

The CRM marketplace is full of inflated claims and misconceptions, but one thing is certain: a good CRM system can help level the playing field for midsize companies who take the time to think about their markets and their customers.



INDUSTRY INSIGHTS

USEFUL USED MATERIAL HANDLING EQUIPMENT COMPANIES AND WEB SITES (01/01/2001)

-- ROBERT FULGHUM --

Warehouse One
7800 East 12th St.
Kansas City, Missouri 64126
(888) 558-1830
<http://wh1.com/webuy.htm>

Warehouse One, started in 1986, is now the Midwest's largest used material handling equipment company and has a warehouse of over 500,000 square feet. They buy, sell, and trade new and used material handling equipment, including conveyors, forklifts, pallet jacks, warehouse shelving, industrial storage rack, cantilever, mezzanine floors, and office furniture. Their web site has a built-in search engine, making it easy to find exactly what you are looking for. It also has a section called "Rack Identifier," with pictures to help you find the type of storage system needed to match your existing system.

Online Assets
9360 Towne Center Drive, Suite 250
San Diego, CA 92121
1-877-600-5566
<http://www.onlineassets.com/oaex/index.jsp>

The Online Asset Exchange is the world's largest marketplace for used industrial assets. The exchange allows buyers and sellers to interact directly through this web site, creating a completely neutral and efficient trading place. The Online Asset Exchange contains a wide variety of members, ranging from large organizations like Fortune 1000 companies to small used equipment dealers. Basically, any organization that is looking to buy or sell used corporate assets can greatly benefit by becoming a member of the exchange.

Online Assets also has a helpful web page for tracking down used material handling equipment. After clicking on the link above, click on "Material Handling." You can then have the option to look at conveyors (belt, container, magnetic, overhead, roller, etc.), cranes, mobile equipment (forklifts, lift trucks, pallet jacks, etc.), racking and shelving, industrial scales, or other material handling equipment. It lists the prices for most equipment and shows pictures for some of them. You must register to see equipment details or to list equipment to sell, but registration is free and can be done easily on their web site.

Quote of the week...

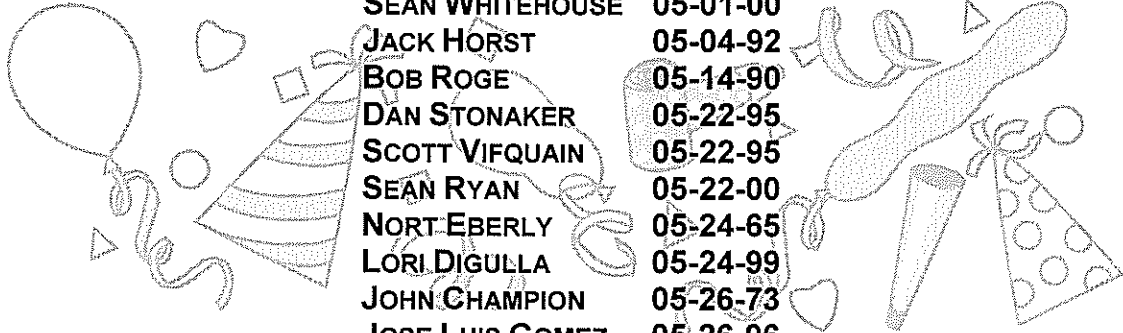
Let us not be content to wait and see what will happen,
but give us the determination to make the right things happen.

-- Peter Marshall --

March Celebrations

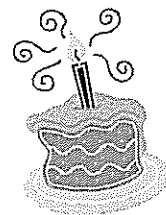
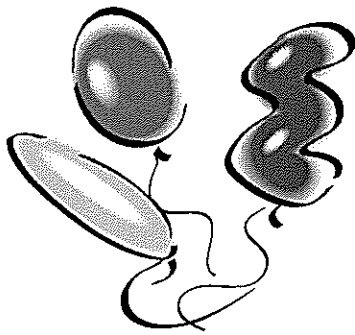
ANNIVERSARY'S

NOAM PARANSKY	05-01-00
SEAN WHITEHOUSE	05-01-00
JACK HORST	05-04-92
BOB ROGE	05-14-90
DAN STONAKER	05-22-95
SCOTT VIFQUAIN	05-22-95
SEAN RYAN	05-22-00
NORT EBERLY	05-24-65
LORI DIGULLA	05-24-99
JOHN CHAMPION	05-26-73
JOSE LUIS GOMEZ	05-26-96
ARLEEN A. IALACCI	05-29-91
ANNE SCOLA	05-30-00
KEVIN BAIRD	05-30-00



BIRTHDAY'S

BRIT DAYTON	5-01
COLLEN MCGRAW	5-04
RANDY MOORE	5-09
TODD MITCHELL	5-09
JOSE LUIS GOMEZ	5-10
BARBARA BYRNES	5-12
MAX DUQUE	5-13
MARTIN FARELY	5-14
ANDREA BRUNSON	5-14
ANDY JOHNSON	5-15
STEVE OSBURN	5-16
BRAD SAMPSON	5-18
STEVE LEFKOWITZ	5-27
NATHAN BURKLAND	5-28
MARCOS CORMINAS	5-30



DEADLINES FOR SUBMISSIONS TO THE HOT SHEET

IF YOUR ANNIVERSARY/BIRTHDAY INFORMATION IS NOT LISTED OR IS INACCURRATE - PLEASE CONTACT IRMA M. ROSALES
 DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)
 FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DiSTASIO
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION * APRIL 27, 2001, VOL. 10, NO. 16

PROJECT POSTCARDS

THE NEXT TIME YOUR VEHICLE RECEIVES AN EMISSIONS TEST, GET OUT YOUR STOPWATCH!

-- THE ESP TEAM --

Why are some KSAers spending a lot of time in automotive emissions testing stations?

- ⊖ First, emissions testing facilities are among the top three places in Connecticut to meet "interesting" people.
- ⊖ Second, emissions testing operations are well-disguised retail service environments!

In fact, ESP – Environmental Systems Products, the company that currently holds the contract to test automotive emissions in Connecticut and in several other states around the country – has a retail service environment that would make most of our other clients green with envy! Why? Because, in Connecticut each driver is legally required to pay \$20 in order to have his or her vehicle tested every two years! Furthermore, since most customers will return around the same date every two years, forecasted demand is very reliable. So what could ESP possibly need our help with? (NOTE: If you can not come up with an answer to this question, take the SPIN selling class immediately).

As with many retail service environments, our clients find themselves caught in the trap of having accumulated far too much labor under the guise of "improving customer service". Many testing stations are vastly overstaffed to the point where processing times are lengthened, rather than shortened, due to the congestion caused by the under utilization of labor.

After arriving on site, the "old school" logistics folks asked, "Where are the boxes I'm supposed to kick?" while those who started in operations kept asking themselves, "Where are the bobbins and thread? And shouldn't we be discussing this over a beer?" Developing the methodology for a statewide performance improvement program began with Fulfillment's favorite pastime, TIME STUDIES. After establishing a firm foundation in testing methods and procedures, (read: six weeks of standing outside, with a wind chill of -10 deg. F., for 10 hour stints, breathing fumes, in 5 feet of snow) the project team streamlined, and standardized the emissions testing process. We then worked with the client to implement a pilot program to test changes to the station layout, as well as the streamlined procedures. In addition to these changes, KSA assisted with implementing a client developed Labor Management System (LMS), which allowed accurate staffing based on predicted demand. This has enabled ESP to accurately manage their labor budget.

While implementing the Pilot program, the project team began training a team of junior level managers within ESP to carry the standardization process forward after KSA leaves Connecticut. This team, called the PIT Crew (Process Improvement Team – thanks to the eToys Team for the catchy name), became an invaluable resource during the Pilot program's implementation. The PIT Crews took ownership, and thus, KSAers were not implementing "their" new ideas alone. A true client-consultant partnership developed, vastly easing the implementation process.

Originally the project proposal called for KSA to train one PIT Crew and conduct a rollout with two stations over six weeks, but after seeing the success of the Pilot Program, ESP was so enthusiastic that they wanted to speed up the roll-out process dramatically. Also, after seeing the success of the PIT Crew, our client was emphatic that this project be "theirs" as opposed to KSA's and that, of course, was music to our ears. Thus we spent one busy, but exciting week preparing a training class for ESP's Operations Manager, their 3 District Managers, the first 3 Station Managers, and 2 completely new PIT Crews in order to be ready to kick-off the statewide implementation on Monday, March 19th. After a few days of proposals and bargaining, we settled on a 10-week rollout schedule for the remaining 24 stations around the state. Over the next 9 weeks, ESP and KSA will train three stations per week on the new layout, improved procedures, and the LMS. During that time, ESP District and Station Managers will conduct follow-up to ensure that the procedures stick.

Project team members include: **Dan** "6 cups of coffee BEFORE breakfast" **Head**, **Jeffrey** "No really, when DOES the bar open" **Sauls**, **Tim** "Does he know his belt is on sideways?" **Copland**, **Brian** "That's not jambalaya" **Ehlenberg**, **Curt** "Thailand's rubber glove expert" **Clark**, and **Jerry** "Where can you get a good burger around here?" **Armfield**.



Manchester, Connecticut Auto Emissions Inspection Station
 Pictured from L to R: KSAers Jeffrey Sauls & Tim Copland.
 ESP Employees Frank, Mary, and Tiffany.



PROJECT POSTCARDS

DILLARD'S BASE PLUS UPGRADE

-- MAX DUQUE, BRAD HARMON, MARK THOMAS, AND KIRK ZIEHM --

What do you call a project scope of 12 weeks that involves the following:

- ⊖ Establishing a DC Manager's committee to discuss and decide on key policy and program initiatives
- ⊖ Training and calibrating a 7-member client engineering team
- ⊖ Engineering standards for 6 operations effecting a total of over 2000 associates across 7 DCs
- ⊖ Training the DC management teams in MOC and LET
- ⊖ Restructuring an associate pay curve estimated to be 30% loose (based on Phase I audit results)
- ⊖ Managing associate expectations in an environment that has milestones such as the "160% Club"
- ⊖ Conducting a turbo-charged, 7-DC rollout in 4 weeks: Kansas City, Little Rock, Louisville (KY), Valdosta (GA), Phoenix, Ft. Worth, and Salisbury (NC)
- ⊖ Re-teaching Base Plus to the group that coined the term "Base Plus". That's right, we borrowed the term *base plus* from someone else.

Impossible? Insane? No. We call it a challenge. A **Dillard's** challenge that is! The fearless KSA crew consisted of:

- ⊖ **Tony** "*The Master Songwriter*" **DeMaria** (just don't let him sing his songs)
- ⊖ **Rod** "*Smooth as Silk*" **West** (he escaped any attaching of nicknames)
- ⊖ **Enrique** "*No, really, I'm 28*", "*I'm taking my Amex and opening a Phoenix office*" **Morales** – Managers thought 35 was the answer.
- ⊖ **Kirk** "*Time Machine*" **Ziehm** – 700 productive minutes in one day (new KSA daily expectation). Kirk reserved his spot in the I.E. Geek Hall of Fame.
- ⊖ **Mark** "*Piñata Boy*" "*Shake Your Bon Bon*" **Thomas** – At the first kickoff, he gave his best Ricky Martin.
- ⊖ **Max** "*El Duque*" **Duque** – He was our "starting pitcher" in two of the facilities.
- ⊖ **Brad** "*Actually Brian*" **Harmon** – He took awhile to correct us.

Base Plus represents roughly 40% of client work performed in the Fulfillment group. But does anyone ever stop to think who coined the term "Base Plus"? Although KSA owns the rights to this term, we actually asked for the rights from **Dillard's** more than 20 years ago. As a result, the Base Plus Upgrade Project with **Dillard's** took on a special meaning.

Standardization

Under the guidance of Tony and Rod, the first phase of the project involved meeting with the DC Managers in Atlanta to standardize the practices across the seven DCs. This was not an easy undertaking considering the varying methods and procedures. The team also addressed how to best communicate the Base Plus "Upgrade" message to associates. After a day of discussion, the approach was finalized over dinner, but not before Tony and Rod had to sing per the long-standing KSA tardy rule. Rod sang a fraternity song with fervor. Tony, however, uttered sounds that could only be recognized as cries of cattle suffering from foot and mouth disease!

Calibration

After standardization, the next step was to train and calibrate the Dillard's engineering team. We brought all engineers to one DC for calibration on M&P's, Base Plus approach, time study, grade factoring and standard building. Following the initial calibration, engineers returned to their home facilities to begin the time study process. The KSA team dispersed to various facilities as needed to conduct time study. Mark remained in Kansas with Dillard's area "Captain" to facilitate the standard building process. A "Master Standard" was developed that automatically linked all time study performed from the 7 DC's into one standard. Where

differences in the standards existed between facilities due to layout or equipment (not procedures), adjustments to specific elements were made.

These activities kept everyone busy, and left little time to train the DC management in MOC and LET. Enter Enrique Morales. Enrique immediately had an impact by conducting the majority of the MOC/LET sessions with the DC management.

Engineering

At the onset of the engineering phase of the project, Dillard's engineers were given prescribed amounts of time study and pre-follow up needed to validate the accuracy of the developing standards. For varied reasons, the time was simply not being captured. Seizing the opportunity to press rather than postpone, the team leveraged the abilities of the Dillard's area managers to conduct pre-follow ups. The benefits of this move were two-fold:

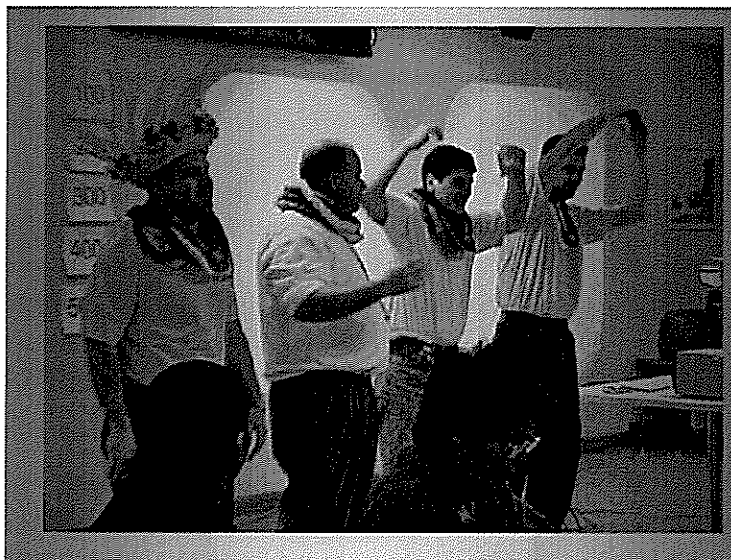
- θ Area managers became an integral part of the Base Plus program and further developed their sense of ownership for the program
- θ Associates recognized the managers cared enough to spend time on the floor answering questions and sampling associate performances

Roll-Out

To say the least, the rollout of the Base Plus upgrade to the Dillard's DC network was aggressive. Knowing this, the team again decided to leverage the collective efforts of the area managers in the DC to perform post-follow up and coaching of the associates. P.U.M.P. is now a way of life.

The level of excitement generated by the DC and Area managers at the kickoff meetings was unprecedented. Entertainment for the kickoff meetings varied greatly by facility, but how about a Mariachi Band in Fort Worth, "Shake your Bon Bon" Thomas and P.U.M.P. People (parody of Village People "YMCA") in Kansas City, and "Pump Up the Jam" and "Hanz and Franz" managers in Salisbury just to mention a few.

Looking back on the project, we had the opportunity to add immense value to the client, participate in developing what could evolve into a KSA best-practice procedural list of an accelerated Base Plus roll-out, travel to some interesting and exciting places, and be a part of a great KSA team.



The P.U.M.P People at the Kansas City kickoff meeting
L to R: Mark Thomas, John Bowen (client-Area Mgr.),
Brad Harmon, and Wade Sloan (client - Engineering Captain)

FULFILLMENT TECHNOLOGY NEWS

INTIMACY PROBLEMS? (ORIGINALLY PUBLISHED: APRIL 2001 CUSTOMER INTERFACE)

-- THOM DICKSON --

What is the foundation of customer-centric success? A recent study by the American Productivity and Quality Center in conjunction with Response Design Corp., found that leading contact centers establish intimacy with the customer to sustain long term survival. The study revealed at least seven ways to create intimacy with customers here are a few of those:

"Slip out the back jack!" "Make a new plan Sam!" JUST KIDDING! Here are the real ones:

1. Use the knowledgebase to personalize the interaction. CRM enables contact centers to combine all aspects of the customer relationship in one database. Best-practice centers house a wealth of customer information in their knowledgebases. Representatives can access a customer's order history, preferences and demographic information through Automatic Number Identification or by name.
2. Create community. Communities of interest attract customers and cater to their interests, even if a topic is not directly related to the company's products. A best-practice contact center successfully created a sense of community on its Web site by providing online application planners to help customers learn about or search for products; experts to answer questions via text chat; and integrated print magazines and newsletters.
3. Customize correspondence. The tremendous growth in e-mail communication has led to a backlog in queues. To deal with this, many companies use auto-responders that provide immediate, uniform responses to each query. Several best-practice centers customize the responses, if only with a couple of sentences, to let customers know that their question was addressed. Representatives work from standard responses to personalize interactions. At some companies, e-mail responses must close with the representative's first and last name, title, and the company URL.
4. Take ownership of the customer. Taking ownership of an entire customer relationship, or at least the communications piece, is not hard. Representatives in best-practice companies maintain contact with the customer to ensure that the question or issue is resolved. One best-practice center empowered its representatives to use e-mail to take ownership of communication with a customer, directing incoming e-mail from a particular customer back to the same representative so that the customer would not have to re-explain his or her problem. Another company's representatives keep diaries that serve as a reminder to follow up with customers about outstanding issues.
5. Train representatives to train the customer. Customers may resist interacting on a Web site if they don't know how to use it. One best-practice center trained its representatives to train customers. Although call length may initially increase, in the future the customer may use the less expensive online route instead of a phone call.
6. Provide heightened levels of service to the most valuable customers. One best-practice contact center created a center within the center (a desk manned by about 15 representatives) to serve the company's most highly valued customers. Representatives and customers at this desk know each other on a first name basis. Representatives at best-practice companies are empowered to offer highly valued customers a higher level of service.
7. Make it easy for customers to monitor their business. Customers like to easily check the status of their orders or to order online. Several best-practice contact centers offer personalized Web sites that customers can register for and enter to retrieve account information. Web sites that incorporate self-service opportunities give customers greater flexibility for conducting business.

The Bottom Line: Relationships Barriers to Exit. Customer intimacy builds a "barrier to exit" from the company and tailors the experience to the customer's needs. This level of customer service is built on the premise that every effort made to create a positive call-in experience fosters an enduring relationship with the customer.

INDUSTRY INSIGHTS - BENCHMARKING

FROM WAREHOUSING MANAGEMENT (01/01/2001)

-- NICOLE DISTASIO --

There are plenty of ways to keep score. For some it's how much money they make. For others it's the size of the house or the address. And then there are always vacations and cars.

Out in the warehouse, there's always someone keeping score for you too. Most days it's customers and your boss. Other days it might be the sales department. They want to know if all of today's orders shipped on time. Were they complete and error-free? You know the drill.

According to a report from the Warehousing Education and Research Council, two-thirds of its members-warehouse professionals like you-benchmark their operations in some structured way. Not only that, but half of them are looking to expand their benchmarking activities.

There are two ways to go about this-internal and external benchmarking:

Internal measures serve many useful purposes. They let everyone in the warehouse know what the company's priorities are, and keep people focused on them. They also gauge how well resources, such as materials handling equipment, are being used against expectations. Internal measures often make it clear not only where improvement is possible, but also how improvements can be made.

If that's all you're doing to track performance, you're only getting a partial score. In fact, you really don't know how good your materials handling operation is unless you benchmark against other distribution centers.

Unfortunately, getting the information isn't always easy. The WERC report says lack of people, time and data are the primary obstacles to a good benchmarking program. And it doesn't get any easier when you're trying to compare yourself to other companies.

Fortunately, there's now a new resource that's only a click away. All you have to do is visit www.isye.gatech.edu/ideas. It's actually a Georgia Tech Web site (developed with the Material Handling Industry of America) for system-based self-assessment of warehouse operations. All you have to do is register and the Web site (if not the world) is your oyster. The online questionnaire starts with type of warehouse and industry served. It then develops a profile of materials handling equipment and related software. Other questions include operational speeds and feeds, practices such as picking mode, and factors that affect operations like seasonality and planing horizons. The idea is to compare system inputs (resources applied and consumed) against system outputs (goods and services provided).

Then the fun begins. Comparing your numbers to those of other warehouses assessed by the system (identities are confidential, of course), the site determines a best-performance level and offers your operation a score against that. If you do not fall into what is called "best in class," areas for performance improvement are identified. Just try getting all this information anywhere else without a whole lot more time, trouble and cost.

NEWS, NOTES, AND NONSENSE

FROM THE PITTSBURGH POST-GAZETTE (3.11.01)

-- NICOLE DiSTASIO --

In business world, much of what's said and heard is never spoken

At times, body language can communicate louder than words. It can indicate whether it's time to close the deal, or whether a client is completely turned off. It can reveal whether an adversary feels threatened or powerful. It can suggest who's lying and who's truthful. Body language can indicate who the real decision-maker is in a roomful of people, even if he or she never speaks a word.

"Nonverbal communication accounts for more than half of the meaning in any face-to-face encounter," said Bill Acheson, who has lectured nationally on the topic and coached salespeople, lawyers, stockbrokers, teachers and auto mechanics.

On some level, everyone knows "face time" is important. That's why people still fly across the country for important meetings, when they could hold a teleconference or correspond through e-mail.

But while written or spoken language is endlessly scrutinized, body language rarely is given much thought. So business people often are amazed when Acheson shows them what their body language tells others -- and what colleagues or competitors may be revealing through their own nonverbal cues.

Power positioning

At a high-stakes meeting, people often attempt to spot the most powerful decision-maker in the room. Sometimes, that person jumps out because he or she sits at the head of the table and takes charge. However, "There are the people who command a lot of power by force of personality, not by where they sit," said Tupi.

A decision-maker also may be spotted as the person surrounded by the most stuff, such as flip charts or papers. And a leader usually will not sit with his or her back to the door. "They want to observe comings and goings," Acheson said.

Some powerful people, however, can be nearly impossible to spot because they sit unassumingly in the corner, watching everything but saying little. To find that person, Acheson said, watch other peoples' eyes. After less-powerful people make a point, they'll "check off with their eyes" in the direction of the ultimate decision-maker. It's a subconscious signal that they seek that person's approval.

Powerful people usually sit calmly and take up plenty of space - as if they are not afraid of being exposed. And confident people rarely lean forward; usually they lean back while speaking. "If someone leans back they're saying, 'Feed me, I'm the king,'" observed Clay Gallagher, an executive vice president for SunAmerica Cos., a Los Angeles-based investment and insurance products company.

In addition, in-control people often form so-called "steeples" with their hands, touching the tips of fingers and thumbs together to form a triangular or steeple-like shape. "Any time you see a steeple, that's a sign of confidence," said Hargrave.

In general, powerful people touch themselves less, while nervous or insecure people will touch themselves more by pressing their hands together or tightly crossing their arms. According to Acheson, it's a rule of thumb as old as George Washington, who used to practice the maxim, "When in Company, put not your Hands to any Part of the Body."

Even feet may offer a signal that someone is asserting power: a raised shoe means the listener is getting the boot, figuratively and literally. An office manager did this when Timothy Call was trying to sell him a 401(k) plan. "He sat back in his chair and put his feet up," said Call, a vice president and regional marketing director for Putnam Investments in Boston. "I saw the bottom of his shoe and thought, 'This guy is making a power play.'"

"So I reacted to his ego," said Call, who mimicked the man's actions. "You mirror someone." People are more comfortable if you sit in the same position that they're in." The manager bought the plan.

Really, I'm fascinated

During a presentation, are listeners bored senseless? Or are they hanging on every word?

Some signs of intent listening are fairly universal, and others are gender-specific. "Any time you see a tilt of the head, it is a sign of interest," said Hargrave. And rubbing of the chin, particularly from side-to-side, is a good sign too -- it shows someone is thinking hard and processing information.

An attentive listener will hold eye contact roughly 70 percent of the time. But women are more likely to break eye contact because men can misread prolonged eye contact as a sign of attraction. Mary Hendrix, marketing director for Downtown law firm Doepken Keevican & Weiss, said she never had deliberately broken eye contact out of concern a man would misread her. But she said she may have averted her gaze subconsciously -- it's an action "you know emotionally, not intellectually," she said.

Another gender difference emerges in listening behavior. Women nod merely to indicate they are listening, not necessarily to signal agreement. Men, however, only nod when they agree. "This is the number one most widely misunderstood nonverbal signal," Acheson said. Beyond head movements, the entire body can reveal when a person is truly interested: an intent listener can will lean forward to show earnestness.

I am your minion

But leaning forward isn't a good posture for a speaker who wants to take charge.

Cvetic recalled a former boss, a police lieutenant, who sawed an inch off the front legs of the chair that faced his desk. "So you would be leaning forward in a submissive way." When a speaker attempts to drive home a point, such as "I need a raise" or "I know I'm right," a forward lean conveys too much eagerness. It also transfers power to the listener.

Indeed, a whole range of behaviors can exhibit a lack of power. In a heated debate, nonverbal signs of submission or fear can give away who is winning and who is losing. "As a corporate lawyer, you're trying to find what the giveaway points are," said Mike Silverman, of the Downtown law firm Cohen & Grigsby. "Those are the points where you can go offensive."

Further, a better understanding of how unspoken signals reinforce insecurity or powerlessness may help someone overcome the problems. It's a process Acheson knows first-hand. The first in his family to attend college, Acheson always knew he was smart, but he had trouble conveying confidence to others once he moved away from home. "In my adult life, I was constantly being outmaneuvered by people I felt were without my level of skills."

But in graduate school at the University of Pittsburgh, he took a class on nonverbal persuasion with Professor Donald Egolf. The course was so significant to him that it changed the direction of his career. Now, Acheson can easily spot an intimidated person, and he teaches other people to spot that person, too. That person will take up as little space as possible, holding his arms close to his body. He may hide his hands under the table, and he'll have trouble holding eye contact. An uncomfortable person also is likely to cross his ankles and tuck them under the chair: it's a sign of fear, observed 97 percent of the time in the dental chair during a painful drilling.

Finally, an intimidated person is likely to fidget excessively. Learning some of these points made Hendrix of Doepken Keevican & Miss think twice about her own body language. "I am much more cognizant of what I do with my hands." But if she's fidgeting, she said, it's merely because she can't sit still for long -- not because she's intimidated. "In meetings, I do tend to be a fidgeter. It's just my nature."

To read this article in its entirety, contact Nicole DiStasio.



Quote of the week...

Quality:

Countless, unseen details are often the only difference between mediocre and magnificent...

-- Unknown --

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULLILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

EDITOR:
CONTRIBUTING PUBLISHERS:
PUBLISHED BY:

IRMA M. ROSALES
NICOLE DISTASIO
ANNE SCOLA
KSA MIAMI



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DIRECTOR'S CORNER

-- RANDY MOORE --

So, we're in an economic downturn... now what?

Well, here we are in April 2001 experiencing the biggest slowdown in the U.S. economy in ten years. We've already witnessed firsthand the lessons about the dot com bubble bursting, the dramatic drop in tech stocks, and corporate layoffs by the thousands. Can't we just stop this downturn and get back to the way it was, just a short six months ago?

Unfortunately, it doesn't work that way. Maybe we're at the bottom of the slowdown, maybe not. Maybe the upswing will start soon, maybe not. No one knows when the economy will start to pick up, but some very bright people think it will be late summer, or maybe even the first of next year. Regardless, 2001 is different for U.S. businesses, and that includes our clients, KSA, and Fulfillment.

So, just how is it different? For KSA, a number of things will be done as a result of a different economy dictating different actions. Some of the things you'll see this year are:

Strong getting stronger

When the economy slows down as it has, the strong companies get stronger and the weak get weaker. The dot com bubble is a great example of this. Business models that seemed marginal when the economy was "white hot", suddenly don't work at all when times get tough.

Remember that success is a relative term; it is measured by how your competition is doing. Certainly, we're seeing clients postpone projects; however, we're not *losing* many projects to the competition. All of the work that has been proposed, but not sold, is work that is waiting for us when the economy improves.

So, while KSA's business may be soft, our competition is envious of our position. We have the industry knowledge, the technology skills, the process expertise, and the thought leadership that our competitors are trying to replicate. KSA has been a strong business since our inception, and we'll emerge even stronger than before.

Communicating better

Because we're in an uncomfortable position with the economy, our people are naturally unfamiliar and concerned with the situation. Now is the time when communication is even more important than before. If you find yourself with questions, don't just fret about it; let your questions be answered. Reach out to Principals to learn their insight, and discuss your issues with them. Every Principal is available to you to address any issue or concern you have.

Managing smarter

Now is also the time when KSA, as well as our clients, are focusing more on the bottom line than the top line. When times are good, everyone tries to maximize the top line; but when the top line is challenged, then we must focus more on the bottom line. For KSA, this means paying more attention to the basics of recording time and expenses properly, billing properly, managing expenses better, and collecting payments promptly from clients. These are the basic tasks that must be done expertly now so that we can turn in solid performance results.

Serving clients better

This has always been KSA's hallmark; and it's more important now than ever. We have to understand our clients, and understand how their needs are changing in this economy. We have to change as they are changing.

If we continue to serve our clients well, they will keep coming back. Even if we're doing smaller projects, or even non-bill work, how well we serve our clients will dictate how much they value KSA, and how much future work we'll get. If we take care of our clients, everything else will fall into place.

Refocusing internal actions

We'll be focusing our internal actions differently than we have over the past few years. We've been fortunate in Fulfillment over the recent past to have a solid backlog of projects. As a result, we have not focused on marketing as much, because our available time was spent on project delivery and building our capacity.

In 2001, very different needs emerge. Our internal focus this year will be on expanding and building our marketing capabilities. We'll be doing more follow-up with clients, more networking in the industry, more mailings, more speeches and trade shows. We're learning as we do these initiatives, and we're calling on more support from the staff than we have before. Some initiatives will work well, and some won't. In any case, we're strengthening our marketing abilities and establishing good behaviors for the long haul.

Fewer recruiting and professional development activities will occur this year, so that more emphasis can be placed on business development activity.

So, if we've been so successful in the past, why are we doing things differently now? Because the economic climate dictates change. The biggest mistake we can make is to not recognize the change in the climate, and to not change. How businesses respond to different cycles is the key to their success.

Oh, and by the way, that word "cycle", does that mean we've been here before? In Fulfillment alone, we have over 15 Principals who have been with KSA through the last three economic downturns; and several of these KSAers have seen as many as six downturns. Each time, KSA has emerged and gone on to perform better than before.

So, put your seat belt on, tighten it a notch, and rest assured that we've got the leadership and the talent to come out of this as we always have... the strong getting stronger.



PROJECT POSTCARDS

THE EFFICIENCY TRILOGY (PART II OF POSTCARDS FROM THE EDGE...OF THE MISSISSIPPI THAT IS) -- NIKE BASE PLUS PROJECT TEAM --

Long, long ago in a distribution capital far, far away... (well not really, in Memphis Tennessee) there existed a powerful energy known as the Force. The dark side of the Force (inefficiency) had a strong hold on Nike and its future. The Nike-Shelby facility discovered an all-powerful ally, KSA, to aid them in the destruction of this evil force. Let us take a historic journey through the efficiency improvement trilogy implemented by KSA.

Episode 4 – Easley Wars

The Nike-Shelby facility was running at a UPH of 38 when the all-powerful ally was called in to help. Enter the mighty Easley-Wan Kenobi with CPI program. The inefficiency star blew up when the KSA team left the facility at a UPH of 55.

Episode 5 – The Crupie Strikes Back (60)

Nike discovered that improvement opportunities still remained and again called upon their ally, KSA. Enter Torre "Skywalker" Crupie, Ash "Rabacca" Eisa, Ashley R2Deaton2, and Cameron "3PO" Geiger. The team left successfully by bringing the facility UPH up to an average of 64 with a peak of 70.

Episode 6 – Return of the Hair-Ratio

Once again the great ally, KSA, was brought back to defeat the dark side of the force once and for all. The ally team was lead by Easley-Wan Kenobi and Hair-Ratio Solo, and supported by the Ewok (Everyday Working On loKation) team of Brad Sampson, Joni Burke, Ken Wilson, and Nathan Burkland (with help from Yujin Cummins).

The Base Plus® project encompassed the Nike-Shelby facility like an impenetrable force field and resulted in an efficiency increase of 65%. Nike-Shelby has come from days where they processed an average of 375,000 units with 700 employees to record-breaking days of 588,000 units with only 422 employees. Projected savings for this project are expected to clip \$2 million by the end of their first fiscal year on the program. To end the trilogy with a bang the facility has sustained a UPH of 105 over the past twelve weeks.

Where too next you ask? The KSA team will now travel back in time to the pre-historic Nike-Winchester facility. Once again Nike has called upon its greatest ally, KSA, to rid it's second Memphis facility of the evil dark side of the force known as inefficiency.

Stay tuned for Episode I: The Footwear Menace, kicking off April 3, 2001.



FULLFILLMENT TECHNOLOGY NEWS

SUPPLY CHAIN EVENT MANAGEMENT (SCEM) OVERVIEW

-- MIKE GREGORY --

Many manufacturers and retailers desire to have visibility to the flow of goods from the point of manufacture to the end consumer – the so-called glass pipeline. With this visibility, companies have proven they can:

- θ proactively manage the flow of goods and merchandise in their supply chain;
- θ evaluate the performance of vendors and partners to identify opportunities for improvements;
- θ react quickly to real-time information on the flow of goods; and
- θ provide supply chain status/tracking information to multiple users throughout their organization.

In the soft goods and consumer products retail sectors, this visibility can provide significant value to our clients including improved inventory turns, reduced stock-outs, improved cycle times and reduced operational expenses. It is because of these benefits that many clients are looking for the visibility and the ability to successfully manage the logistics flow in their supply chain. The very nature of the extended, global supply chain for soft goods puts a premium on accurate, timely information about the merchandise flow. There is a large perceived demand for these capabilities. In fact, in November 2000, AMR estimated a five-year, compound annual growth rate of 88% for visibility software revenue.

SCEM is not new to KSA. Before SCEM was so named, KSA designed custom supply chain visibility solutions for KMart and Walmart.com. In several other instances, we have developed capabilities for our clients to improve their supply chain visibility in specific functions. And we currently have SCEM projects ongoing with Timberland and Jones Apparel.

There is a tremendous potential for KSA services in this area. As we know, the software is only a small portion of the total implementation needs of our clients. The services needed to support complete implementation of SCEM software are those in which KSA is traditionally very strong. Our skills in organizational development, change management, process improvement/implementation and systems implementation, combined with our supply chain knowledge and expertise position us quite well to help our clients.

In response to these market opportunities, the Fulfillment Technology group recently established the SCEM center of excellence. This center of excellence has been set up to help us formally develop our SCEM services and methodologies. We have already developed PPM's, prepared case studies, and begun assessing the various SCEM tools on the marketplace. Our next step is the education of clients and internal KSA consultants to help us identify opportunities for these services. Below is an excerpt of an article from the April 2000 Frontline Solutions Magazine. The full text of the article can be accessed at <http://www.frontlinemagazine.com/w-p/1083.htm>.

Limitless Links

Just a few years ago, a Web-based supply chain solution was little more than a fanciful concept. Today, the Internet has become a powerful enabler for organizations that need to give many people a real-time view of goods as they move through front-line environments and the distribution pipeline.

Supply chain visibility does more than satisfy voyeuristic curiosity. Order management, logistics, material planning and other applications can use information from improved visibility to reduce finished-goods and material inventories, improve cycle times, improve warehouse space utilization, tighten production planning and more. To gain visibility, some companies subscribe to supply chain solutions hosted by application service providers (ASPs). Others purchase software, or develop their own, but build their systems utilizing Internet technology rather than traditional client/server architecture.

Either way, a Web-based system can make the supply chain visible to large numbers of people with less cost and effort than older systems. It offers a panoramic view, because it displays information gathered from many locations in one place. It allows companies to share data and collaborate with service providers, trading partners and customers, no matter where in the world they are located.

Becoming proactive

Ciba Specialty Chemicals is looking for two major benefits from a Web-based supply chain visibility system, says Niall Robinson, the company's manager of global transportation. The first is to improve customer service; by more efficiently monitoring goods in transit, the firm can respond proactively to delays when they occur. The other is to monitor lead times for shipments better and use that data in the planning process, permitting the company to reduce its inventory.

Ciba Specialty Chemicals produces chemicals that enhance the performance or appearance of products in a broad range of markets. It is conducting a small pilot of the Celarix Shipper Solution from Celarix, an ASP based in Cambridge, MA, focused on shipments tracked from Ciba's Tarrytown, NY, offices. Most of these shipments involve chemicals moving to or from other Ciba shipping facilities in the United States, Canada and overseas.

During the pilot, transportation service providers are transmitting shipment status information to Celarix via electronic data interchange (EDI) or flat files. This information then becomes available to a test group of Ciba employees who are concerned with export or import activities.

Accessing the information through the Celarix Web site, they monitor carrier performance and shipment progress, Robinson says. The system downloads performance reports into Microsoft Excel files. Users receive alerts about delayed shipments by viewing the Web site, "plus the system has the capability to automatically generate e-mail messages to various parties," he says.

If the system lives up to its promises, it should give Ciba much more control over the movement of goods. Today, particularly with ocean carriers, "it's not unusual for a shipment to be delayed in a port of loading and for us to not find out about it until a week, or two or three, after," Robinson says. With a supply chain visibility system, "we would find out within 24 hours of an event not happening when it should, and be able to respond accordingly."

Why on the Web?

Whether they deal with an ASP or host the system themselves, many users say the Web-based approach to supply chain visibility saves an organization money on software, maintenance and network administration.

Another benefit of a Web-based system is that any computer with a browser offers a view of the supply chain. Far-flung trading partners can access the system from around the world, as can mobile employees with laptops, PDAs, hand-held computers and even cell phones.

Use of a Web-based system "potentially gives global access to one set of information," Robinson says. "The only other alternative would be to have that on an internal system here. But we don't want to go that route because it would mean having to maintain the links to the various service providers. It's certainly much more convenient and effective to let someone else do that." Before the Internet became nearly ubiquitous, companies that had sufficient resources used other communications networks to exchange supply chain data with colleagues, customers, suppliers and carriers. But the Web has made this type of sharing possible.



INDUSTRY INSIGHTS

WHAT YOU NEED TO KNOW TO DISTRIBUTE HAZMAT" (FROM TRANSPORTATION & DISTRIBUTION MAGAZINE MARCH 2001)

-- ROBERT FULGHUM --

When handling hazardous materials (HAZMAT), it is essential to know the proper shipping and storage rules and regulations in order to avoid costly mistakes. When shipping HAZMAT, the shipper signs papers certifying that the container meets or exceeds Department of Transportation (DOT) requirements and that the container is labeled with the necessary information and symbols. The shipper must also properly train employees who are authorized to sign the shipping papers. OSHA also requires Material Safety Data Sheets (MSDS) for all HAZMAT products in a warehouse. These procedures may seem overwhelming, but there are several web sites, which make this kind of information easily accessible.

When considering a container for shipping, it's a good idea to look at how the manufacturer shipped the product. For example, if the HAZMAT was shipped inbound by motor carrier, it most likely can be shipped outbound the same way. Their shipping papers and address labels can also be used as a guide.

However, if you break the palletized load apart to ship smaller quantities, you need to re-package, re-label, and prepare new shipping papers. There are several Internet sites, which can help with this:

- Regulations such as 49CFR173 (Shippers-General Requirements for Shipments and Packaging) and 49CFR177 (Carriage by Public Highway) can be found by searching <http://www.access.gpo.gov/nara/cfr/index.html#page1>. Select the keyword search and type "Hazardous Materials".
- Training requirements can be found at the GPO web site or more easily at <http://hazmat.dot.gov>. You can also click on "HAZMAT Enforcement" to see what penalties and fines are assessed for not following these regulations.
- For more information on MSDS, check out OSHA's web site at http://www.osha-slc.gov/OshStd_toc/OSHA_Std_toc_1910.html.
- Other helpful web sites include:
 - <http://www.dot.gov>
 - <http://hazmat.dot.gov/interpub.htm>
 - http://dir.yahoo.com/Health/Workplace/Material_Safety_Data_Sheets_MSDS/
 - http://dir.yahoo.com/Business_and_Economy/Business_to_Business/Packaging/Hazardous_Materials/

If you would like to read this article in its entirety, please contact Robert Fulghum.



INSIDE THE INTRANET

NICOLE DISTASIO --

Looking for information regarding standards for Base Plus ® and/or CPI Projects? Check out the new postings on the Intranet.

A recent submission from Randy Unger is a **Fatigue Allowances** document. This document is an excerpt from the Handbook of Industrial Engineering, published by John Wiley & Sons, Inc. in 1982 that details the fatigue factors used in every standard built on a Base Plus® project. Considering these factors ensures that the fatigue an employee experiences due to various factors in their job (i.e., standing, lifting certain weights, environmental factors, etc.) is accounted for.

The Fatigue Allowances document can be found in the following two places on the Intranet.

- [http://web1/tools/fulfillmentserv /distribution /cperformanceimp /referencemater /](http://web1/tools/fulfillmentserv/distribution/cperformanceimp/referencemater/), and
- [http://web1/tools/fulfillmentserv /distribution /cperformanceimp /cmethodology /standards /](http://web1/tools/fulfillmentserv/distribution/cperformanceimp/cmethodology/standards/).

Other recent additions to the Fulfillment Services' ever growing Intranet files include a number of **Distribution Associate Training Curve** documents submitted by Rodrigo Lopez. Rodrigo collected your responses to his request for developing time standards. His project team was looking for training curves for distribution operations such as replenishment, packing, picking, shipping and receiving. The submissions include a Response Summary document that indexes all of the email responses Rodrigo received to his initial email to the Group.

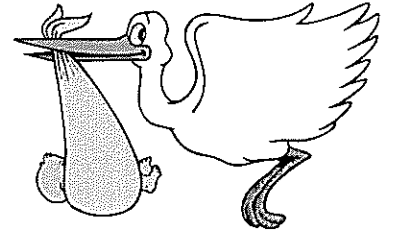
These documents can also be found in two places on the Intranet:

- [http://web1/tools/fulfillmentserv /distribution /cperformanceimp /cmethodology /associatetraini /](http://web1/tools/fulfillmentserv/distribution/cperformanceimp/cmethodology/associatetraini/), and
- [p://web1/tools/fulfillmentserv /distribution /bfacilitydesign /ddeliverables /laborplanning /](p://web1/tools/fulfillmentserv/distribution/bfacilitydesign/ddeliverables/laborplanning/).



NEWS, NOTES, AND NONSENSE

SPECIAL DELIVERY



Congratulations!

Neil and Tracy Buck are the proud parents of a baby boy!
Evan Gregory was born on Thursday, April 19th at 3:57 PM
Weighing in at 8 lbs., 9 oz and is 21" long



Quote of the week...

"We must not,
in trying to think about how we can make a big difference,
ignore the small daily differences we can make,
which, over time, add up to big differences that we often cannot foresee."

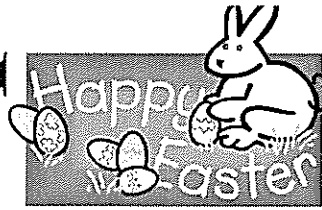
-- Marian Wright Edelman --

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)

THE HOTSHEET



EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO
ANNE SCOLA
PUBLISHED BY: KSA MIAMI

A WEEKLY FULFILLMENT PUBLICATION * APRIL 13, 2001, VOL. 10, NO. 14

PROJECT POSTCARDS

KEEPING THE CLIENT FIRST

-- JEFF PICKEN & RANDY UNGER --

The week of March 19th was the most interesting week of my KSA career. Tony "Easter Sunday" De Maria, Randy "Nice Pants" Unger and myself have been working with Coldwater Creek since the beginning of last December. Our current effort follows several other successful projects with Coldwater Creek including two Base Plus® Projects and a two-year DC design/implementation.

This latest project was a re-design of their west coast DC in Sandpoint Idaho. The new design will allow them to do retail replenishment from the DC to their new and planned full line retail stores. Coldwater Creek gave us retail sales projections through 2004, and asked that the DC be re-designed to be able to handle the 2004 volume.

The KSA project team developed a concept incorporating a two-phased implementation that would minimize the client's initial capital expenditure, and reduce exposure to the risk of inaccurate forecasting of their retail business 3 years down the road ("You don't build a church based on your Easter Sunday Attendance"). The biggest "win" will come from the short term and long term designs' compatibility with one another. The 2001 installation can be installed with minimal disruption of the current direct-to-consumer activities. Then, when the retail sales warrant it, the second install can be initiated using all of the 2001 installed MHE, again with very little disruption to operations.

Considering the recent slowing of the economy, the client was very happy with the minimal capital expenditure and the simplicity of the 2001 design. Coldwater Creek will be implementing the 2001 design themselves, and KSA will most likely be called back later this year to complete the design and implementation of the 2002-2004 design.

Although I was pretty upset by the thought of not spending the summer in scenic Sandpoint, ID, I take pride in the fact that the client is extremely happy that our plan will save them hundreds of thousands of dollars of capital expenditures this year. This project has continued to bolster our strong relationship with a long-standing client and they've assured us that they will be calling us back for the completion of the 2002 design / implementation, as well as any future projects.

So, after an eventful week, it was off to Wal-Mart for a quick trip (45 min.) to allow Randy to purchase a new pair of pants and a T-shirt (\$20...What a bargain! And then there was the comment we won't repeat from Coldwater's VP of Distribution about taking off the pants). Luckily, there was just enough time remaining to have an impromptu going away party with all the friends we have made in Sandpoint over the last year and a final mad dash to the airport.



FULFILLMENT TECHNOLOGY NEWS

METHODOLOGIES – SELECTING AND IMPLEMENTING A WMS

-- DAWN HOLT --

One of my first projects for KSA was for a Warehouse Management System Selection. As I was wading through the requirements definition, WMS vendor lists, phone screens, product demonstrations and conference room pilot execution, the most common phrase I heard was "Contact so-and-so and see if s/he has any examples you can use". After a successful selection, the client wanted us to assist in the implementation and the phone calls and e-mails began all over again. Now life is much simpler.

The Fulfillment Technology group has a new tool to make the WMS Selection and WMS Implementation processes a little easier. KSA has purchased the Platinum Technologies Process Continuum Tools for creating methodologies. This tool generates web guides that step you through each phase of the process and include example documents of product deliverables.

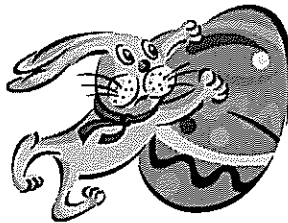
The methodology templates, soon to be released on CD, are available on the KSA Intranet.

- ⊖ Go to: <http://web1/tools/fulfillmentserv/fulfillmenttech/>
- ⊖ Select the "Shortcut to KSA Methodology Web Guides"
- ⊖ Select the KSA Process Library and select the desired template icon

The templates are rich in content, so I encourage you to spend some time navigating around and uncovering the many treasures hidden within. After the initial methodology rollout, we will continue to enhance the process by:

- ⊖ Updating example documents into the KSA standard format and document templates.
- ⊖ Updating the processes utilizing feedback from the Project Teams, including best of breed deliverable examples.
- ⊖ Creating templates for all other Fulfillment Technology service offerings.
- ⊖ Training Project Managers and Principals on Platinum Technologies Project Engineer Software to allow the process to be downloaded and customized for individual projects. The tool includes automatic conversion to a Microsoft Project Timeline for tracking purposes.

If you have any questions on the methodology templates or any suggestions for improvement, please contact Dawn Holt.



INDUSTRY INSIGHTS – PACKAGING MATERIALS

FROM WAREHOUSING MANAGEMENT (BY: JIM WHALEN, 03/01/2001)

-- NICOLE DISTASIO --

On a large scale, effectively filling inventory space at a distribution center can mean the difference between success and failure for a warehousing operation. On a smaller scale, the same holds true. Choosing the right material to fill voids during the carton-packing process can significantly prevent product damage during shipping, which can ultimately have an impact on a facility's bottom line.

In today's fast-paced warehousing environment, packaging materials need to be readily available, inexpensive to replace and easy to use. The five main types of void-fill packaging materials include expanded polystyrene peanuts, starch-based peanuts, polyethylene airbags, paper pads and foam blocks.

One of the most popular and least-expensive methods for providing reliable and efficient fill is the utilization of expanded polystyrene peanuts. When dealing with a variety of product sizes in a single container, this void-fill alternative is an effective means to minimize shifting during shipping. The manufacturer in either large bags or single truckloads delivers the peanuts. Blowers, positioned at each packing workstation, then blow the material from the bags or trailer directly into the cartons. The downside to this method is the large amount of space needed to store the peanuts and the relatively low degree of recyclability of the material itself.

Although not as popular as polystyrene peanuts, starch-based peanuts are 100 percent recyclable and easily disposed of by the recipient of the shipped package. Downsides to this material include a higher initial cost and a greater potential for dust caused by use with older or non-compatible blowing equipment.

"When shipping materials of various sizes in a single carton, it's essential that excess space within the package is filled with a material that will offer the greatest amount of shock absorption," says Dave Roesser, business manager for biodegradables with the National Starch & Chemical Co. in Bridgewater, NJ. "The costs of replacing and reshipping items damaged or destroyed during transit can have serious financial repercussions for a business."

The use of airbags is another method that has gained popularity in recent years. Polyethylene bags are inflated by the packer and then placed in and around the items in the container. Significant benefits of utilizing this method are a reduction in shipping costs due to lighter packages and an increase in warehouse storage space due to the lack of standing packaging material supplies. A drawback to this method is the need for packers to manually arrange the bags in the cartons.

Shredded paper is sometimes used as a low-cost alternative to packing peanuts. However, the cushioning capabilities are also low. By utilizing a paper-pad-producing machine, paper sheets can be condensed into pads that fit better in boxes and are capable of cushioning heavier items.

"The pads are able to trap air within them, which significantly increases the paper's ability to provide cushioning," says Al Striano, senior vice president of sales and marketing for Ranpak Corp. in Painesville, OH. As the final option, foam blocks can be used as void-fill material during shipping. Often this material is utilized for high-end items that require an exceptional amount of protection. In general bulk transportation packing applications, foam is highly effective but can be expensive to use.

Depending on the items being shipped, each type of packaging material should be evaluated separately to guarantee the highest degree of protection at the lowest possible cost.

Eco foam Eco foam is made from natural ingredients; over 85 percent cornstarch; completely biodegradable; dissolves in water; naturally static-free and reusable. National Starch & Chemical Co.

Inexpensive and easy-to-use protective

Inexpensive and easy-to-use protective shipping container suited for e-commerce transactions and next-day delivery market; durable and versatile; made entirely of polyethylene; recyclable. Polyair

Thermoplastic resins

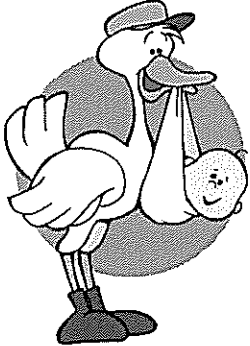
Thermoplastic resins are used in loose-fill packaging applications to add toughness and resiliency to starch-based foams; incorporate a higher percentage of starch. Dow Chemical Co.



NEWS, NOTES, AND NONSENSE
SPECIAL DELIVERY



Congratulations!



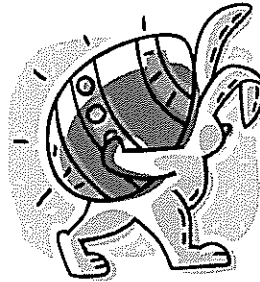
Ashraf Eisa and his wife Michelle are the proud parents of a baby boy!
Adam Ashraf was born on April 11th at 3:00 am.
Weighing in at 7 lbs., 2 oz and is 18"long



Quote of the week...

We cannot all do great things.
But we can do small things with great love.

-- Mother Teresa --





DELEGATOR FOUNDRUP

PLEASE CONTACT JIM M. ROSALES WITH CORRECTIONS



ALLEN, PETER
 BAIRD, KEVIN
 BENTON, JOSH
 BOLTON, RICHARD
 BRUNSON, ANDREA
 BURKE, JONI
 BURKLAND, NATE
 CASCIO, DAVE
 CHINNAN, VIKAS
 CHOATE, CASEY
 CLARK, ELIZABETH
 COPLAND, TIM
 DAVIS, SETH
 DENSMORE, JD
 DIETZ, ERICH
 DUQUE, MAX
 EHLERS, BARRY
 FONG, TERRANCE
 GARRETT, JIM
 GILES, LAURA
 GRIFFITH, BRAD
 HARMON, BRAD
 HEAD, DAN
 JOHNSON, ANDY
 KELLOGG, MICHAEL
 KINCAID, MIKE
 LA VECCHIA, MARIANNA
 LEFKOWITZ, STEVE
 LEVY, VAL
 MCGRAW, COLLEEN
 MOKOTOFF, BENJAMIN
 MOOSABHOY, MUFADDAL
 MORIN, CRAIG
 NGUYEN, HAN
 OSBURN, STEVE
 PARANSKY, NOAM
 PICKEN, JEFF
 RYAN, SEAN
 SAMPSON, BRAD
 SAULS, JEFFREY
 TAYLOR, BRAD
 THOMAS, MARK
 TIMBERLAKE, JUJUAN
 TODD, AARON

JONES NY

 PETALS
 FEDERATED STORES
 NIKE
 NIKE
 ROSS STORES

 JONES NY
 KBKIDS.COM
 ESP
 ROSS STORES
 PVH

 DILLARD'S

 LL BEAN
 ANN TAYLOR
 QVC
 STAPLES
 DILLARD'S
 ESP
 STAPLES
 TIMBERLAND
 FEDERATED STORES
 NEWPORT NEWS
 NEWPORT NEWS
 ANN TAYLOR
 NEWPORT NEWS
 WALMART*COM
 ROSS STORES
 WALMART*COM
 ROSS STORES
 NEWPORT NEWS

 VF INTIMATES
 NIKE
 ESP
 WALMART*COM
 DILLARD'S
 FEDERATED
 NEWPORT NEWS

PRINCETON OFFICE
 WINSTON-SALEM, NC
 ATLANTA OFFICE
 PRINCETON OFFICE
 UNION CITY, CA
 MEMPHIS, TN
 MEMPHIS, TN
 CARLISLE, PA
 ATLANTA OFFICE
 WINSTON-SALEM, NC
 CHICAGO OFFICE
 HARTFORD, CT
 NEWARK, CA
 JONESVILLE, NC
 PRINCETON OFFICE
 LITTLE ROCK, AR
 LOS ANGELES OFFICE
 FREEPORT, ME
 LOUISVILLE, KY
 WESTCHESTER, PA
 BOSTON, MA
 LOUISVILLE, KY
 HARTFORD, CT
 ATLANTA OFFICE
 PRINCETON OFFICE
 LOS ANGELES, CA
 HAMPTON, VA
 HAMPTON, VA
 LOUISVILLE, KY
 HAMPTON, VA
 ATLANTA OFFICE
 NEWARK, CA
 CARROLLTON, GA
 NEWARK, CA
 HAMPTON, VA
 ATLANTA OFFICE
 LOS ANGELES OFFICE
 CHICAGO OFFICE
 MEMPHIS, TN
 HARTFORD, CT
 ATLANTA OFFICE
 LITTLE ROCK, AR
 ATLANTA, GA
 HAMPTON, VA

UNITED STATES – CONTINUED

ULICNY, DAN	PUBLIX	TAMPA, FL
VANAGS, SCOTT		ATLANTA OFFICE
WATTERSON, ERIC	FEDERATED STORES	UNION CITY, CA
WEBSTER, JACK	ROSS STORES	NEWARK, CA
WHITEHOUSE, SEAN	QVC	SUFFOLK, VA
WILSON, KEN	NIKE	MEMPHIS, TN

MEXICO

AYALA, JOSE GERARDO		MONTERREY OFFICE
FELIX, IGNACIO	VF INTIMATES	REYNOSA
LOPEZ, RODRIGO	VF INTIMATES	REYNOSA
LOZANO, ALFREDO	VF INTIMATES	REYNOSA
MARTINEZ, ANDRES	UNIFIRST	TAMPICO
RODRIGUEZ, GUSTAVO	VF INTIMATES	REYNOSA
TREVIÑO, ROBERTO	UNIFIRST	TAMPICO

HONDURAS

HERNANDEZ, SERGIO	VF INTIMATES	SAN PEDRO SULA
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UNITED KINGDOM

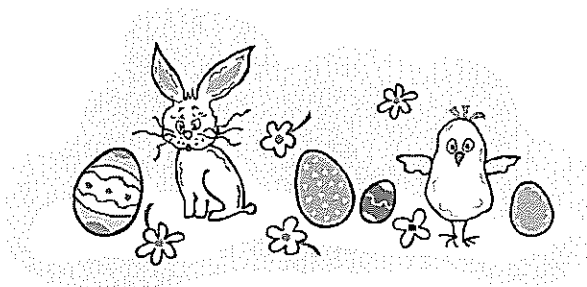
ANDERSON, BRAD	MFI	LONDON, ENGLAND
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JAPAN

BRUCE, DAN	JUSCO	TOKYO OFFICE
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SUPPORT STAFF

ANDROS, VANESSA	ATLANTA
CRANKSHAW, LAURIE	CHICAGO
HAMRICK, DEBBIE	ATLANTA
JUDD, SUZANNE	PRINCETON
KOLM, RACHEL	PRINCETON
LANNON, NICOLE	ATLANTA
ROSALES, IRMA M.	MIAMI
SALAZAR, OLIVIA	LOS ANGELES
SCOLA, ANNE	PRINCETON
SENIOR, LYNN	LOS ANGELES



DEADLINES FOR SUBMISSIONS TO THE HOT SHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)
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THE HOTSHEET

EDITOR: IRMA M. ROSALES

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PUBLISHED BY: KSA MIAMI

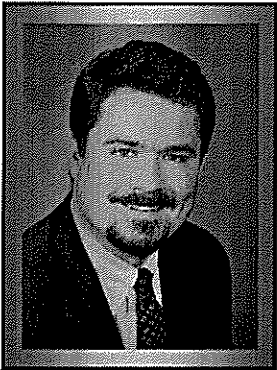


A WEEKLY FULFILLMENT PUBLICATION * MARCH 30, 2001, VOL. 10, NO. 13

CONSULTANT SPOTLIGHT

-- CHRIS DAVIS --

In the coming months, the Consultant Spotlight will be focusing on members of the Fulfillment Services Group whom you may already know. We would like to take this opportunity to introduce these Managers and Principals to the newer members of the Group as well as give everyone a chance to learn more about what your Fulfillment Services colleagues have been up to.



"It's Better to Burn Out Than Fade Away"

Chris is a Manager in the Atlanta Office who came to KSA in January of 1995 after graduating first in his major (Economics) at Virginia Tech. He is settled in Atlanta with his wife Lena and their daughter Peyton. Chris and Lena are expecting another child later this year.

If you have ever worked with Chris, you will not soon forget his quick wit and quirky sense of humor. His interests are varied and include traveling, reading about ancient history and spending time with his daughter. Oh, and making prank phone calls to James Carville while staying in the same hotel are not too far down that list either.

From going skydiving as a reward to himself after the successful completion of a Base Plus® project, to traveling around the Middle East on a month-long solo journey last October, Chris is not someone who shies away from taking risks. You can read all about Chris's Middle East adventure, including the night he spent in a haunted castle in an upcoming edition of KSA's Observer.

Though he will always have the traveling bug, if Chris could live anywhere in the world, he would choose Florence, Italy. This passion for travel and International cuisine has fostered a burgeoning interest in wine making. Chris says he has a lot to learn since he is still in the "tasting stage" of his latest pursuit.

Also adventurous on a professional level, Chris' recent IMRA speech (presented with Fulfillment Services Principal Mike Gregory) titled "10 Quick Wins for Your Supply Chain" led to an article in an upcoming issue of *Supply Chain Management Review* as well as landing Chris and Mike on the cover of *Inside Fashion*.

You will currently find Chris on the 9th floor of the Atlanta office "working diligently on the many irons he has in the fire. He hopes one will get hot very soon."



FULFILLMENT TECHNOLOGY NEWS

WIRELESS DEVELOPMENT, JOINING THE WIRELESS WORLD

(FROM APPLICATION DEVELOPMENT TRENDS; MARCH 2001)

-- STEVE KNAPIK --

Excerpts from this article by John K. Waters provide some insight into the prospects for using wireless technology in the supply chain.

Wireless Supply Chain

"We have to say that [wireless] is a good technology for the long term," said industry analyst Ken Dulaney, vice president of mobile computing at GartnerGroup." People will want to have access to information anytime anywhere, so it's going to happen. We do have to wait for things to mature. The networks have to get better, faster and more available. The devices have to be more stable. For now, we still have to glue a bunch of pieces together and it's still very complex to get it done."

Dennis Gaughan and Randy Weston, analysts at Boston-based AMR Research, believe one area where wireless systems currently impact the enterprise is in supply chain management. In a recent report, they wrote: "Maintaining strong relationships with a growing network of suppliers is a key component of a successful e-business. In addition to an organization's traditional supply base, there is a growing list of trading exchanges available to procure goods. As organizations look to minimize their inventory and streamline their supply chain, visibility becomes an essential factor for success."

Specifically, the two analysts point to an emerging class of supply chain management applications called Supply Chain Event Management (SCEM). SCEM applications from vendors like Categorical Software Corp., Sterling, Va., or Vigilance Inc., Sunnyvale, CA, are designed to smooth out potentially costly kinks in the supply chain. Dramatic glitches that cannot wait for E-mail - say, a steel supplier suddenly not being able to fulfill an automaker's order, without which production stops - can instantly be announced via wireless application protocol (WAP) phones or two-way pagers. In this example, one manufacturer can turn to another quickly enough to keep the assembly line rolling. In an industry where production stoppages can cost a company millions of dollars, say AMR analysts, this kind of application will quickly become essential.

Gaughan and Weston also expect wireless to find its way into many other areas of business during the next two years. Areas such as Customer Relationship Management (CRM) and systems integration are ripe for the technology, they say." Expect to see a lot of real work in the market in the coming year," said Weston." The time for hype has passed. Now it's time to deliver the goods."



INSIDE THE INTRANET

-- NICOLE DiSTASIO --

Many thanks to Frank Leggio and Karl Swensen for the recent submission of the 3PL Discussion document to the Intranet.

This document is titled "3PL Discussion Document - Background on 3PL Selection and Management" and was put together for pre-proposal meetings. It was created in sections (it is modular in nature) so that it can be tailored to the client and the specifics of the potential engagement. Included in the document is advice regarding which questions/sections a consultant may wish to use in an actual 3PL pre-proposal document, depending upon the client and what your team is trying to accomplish. Included within the document are case studies and various prior engagements and implication questions relating to the different phases of the project, as well as step by step methodology.

You will find this document posted in two places in the Fulfillment Services/Distribution/Strategy folder. It has been posted in the Third Party Logistics folder and also under Pre-proposal documents. The following links provide direct access to the document: [http://web1/tools/fulfillmentserv /distribution /astrategyprojec /g3rdpartylogist /](http://web1/tools/fulfillmentserv/distribution/strategyprojec/g3rdpartylogist/) and [http://web1/tools/fulfillmentserv /distribution /astrategyprojec /apreproposaldoc /](http://web1/tools/fulfillmentserv/distribution/strategyprojec/apreproposaldoc/).

PRODUCT SNAPSHOT

-- ROBERT FULGHUM --

RSU Tilted Tray Sorter

W&H's RSU Tray Sorter is an inexpensive, yet effective choice for sorting small and medium sized products. The RSU is capable of reaching throughputs of up to 14,175 trays inducted per hour. Its simple design and minimal annual maintenance costs help to lower the client's initial investment, while still providing an accurate, reliable, and flexible choice for meeting the client's sorting requirements.

Trays are loaded horizontally and automatically tilt to a discharge angle prior to entering the multiple discharge zone. When a tray reaches its destination, a latch mechanism releases the support gate. Then the product is able to slide gently onto a chute, conveyor, or directly into a shipping carton.



The RSU Tilted Tray sorter may be used for sorting cartons/totes, flat apparel, accessories, footwear, greeting cards, office supplies, books, software, compact discs, video tapes, health and beauty aids, and retail drugs.

For more information, check out the W&H Systems web site at www.whsystems.com/rsu.htm

NEWS NOTES AND NONSENSE**TAKE IT BACK!***REDHERRING.COM, "CATCH OF THE DAY" BY: RAFA NEEDLEMAN***-- NOAM PARANSKY --**

When Gateway shipped me the wrong computer last month, I wasn't too upset, because my rep handled it in a very timely manner. But it bugged me that the slim margin that Gateway made on my order got turned upside-down by triple shipping charges and customer service hours. It was a minor financial tragedy.

But until fulfillment centers are perfect and customers order only what they want, returns will happen. To tackle the problem, a new company has formed: Returns Online, whose sole business is processing shipments people don't want, and eventually shipping the products via slow boat back to the originating distributors. CTO Craig Eidem claims that his specialization yields lower returns-processing costs, not to mention much better information about what's coming back.

Returns Online had a demo set up at the launch party for the Microsoft Technology Center in Mountain View, California, this week. There, Bill Gates gave what is becoming a standard Microsoft speech, preaching the marvels of XML. Of the companies there, Returns Online set one of the best examples of how this cross-company data description format can be applied; XML should help Returns Online lower its per-customer implementation costs, and thus boost the company's margins.

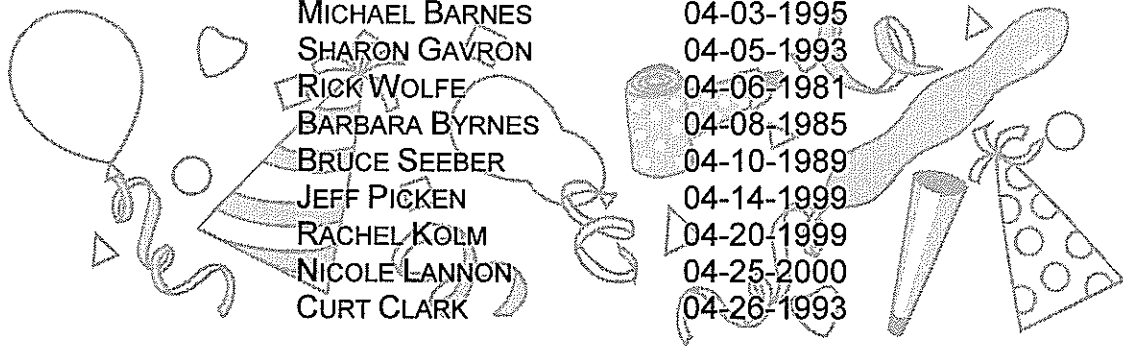
Quote of the week...

It is understanding that gives us the ability to have peace.
When we understand the other fellow's viewpoint, and he understands ours,
then we can sit down and work out our differences.

-- Harry S. Truman --
(1884 - 1972) 33rd President of the USA

April Celebrations

ANNIVERSARY'S



MICHAEL BARNES	04-03-1995
SHARON GAVRON	04-05-1993
RICK WOLFE	04-06-1981
BARBARA BYRNES	04-08-1985
BRUCE SEEBER	04-10-1989
JEFF PICKEN	04-14-1999
RACHEL KOLM	04-20-1999
NICOLE LANNON	04-25-2000
CURT CLARK	04-26-1993

BIRTHDAY'S



MARC BESSHO	04-04
LISANDRO SAGASTUME	04-10
ALBERTO PENSADO	04-13
CURT CLARK	04-15
RICH DEC	04-16
JANE GRIESINGER	04-18
STEVE RIEPENHOFF	04-26
MARK THOMAS	04-28
CRAIG MORIN	04-28
SETH DAVIS	04-30



DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

IF YOUR ANNIVERSARY/BIRTHDAY INFORMATION IS NOT LISTED OR IS INACCCURRATE - PLEASE CONTACT IRMA M. ROSALES
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PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ♣ MARCH 30, 2001, VOL. 10, NO. 12

DIRECTOR'S CORNER

-- TORRE CRUPIE --

By now all Fulfillment Group personnel should have had the opportunity to participate in a conversation with their regional director regarding the recent developments on KSA organization and staff reductions, either by conference call or in-person meeting. If anyone has not had the chance to participate in one of these discussions, please contact your regional director.

At a meeting held last Friday in Atlanta, it was asked that an outlook of some of the encouraging business development activities be distributed to all staff. These opportunities are routinely reviewed with all managers and principals, who share them with the staff consultants whom they are in regular contact with. We can also provide periodic updates in the HotSheet to supplement these discussions.

Some of the most promising business development opportunities currently in the pipeline (representing proposals already submitted or in progress) include:

Strategy/Planning/Systems Opportunities:

- ✦ J. Crew - Facilities Planning
- ✦ L.L. Bean - Returns Planning and CRM Systems Development
- ✦ Nike - WMS Selection
- ✦ Publix - Logistics Strategy
- ✦ Walt Disney World - DC Planning
- ✦ Neiman-Marcus - Merchandising/Distribution Strategy
- ✦ J. Jill - Retail DC Planning
- ✦ Unifirst - Cutting/Laundry Planning
- ✦ Staples - PkMS Implementation
- ✦ Charlotte Russe
- ✦ Foster Farms (Joint KSA/SP Opportunity)

Performance Improvement Opportunities:

- ✦ Amerisource - 20 DC network
- ✦ Maintenance Warehouse - 19 DC network
- ✦ Office Depot - 10 retail DC network
- ✦ Family Dollar Stores
- ✦ Barnes & Noble - 5 DC network
- ✦ Federated Department Store - Miami Big Ticket DC
- ✦ Dan River
- ✦ Nike - Customer Service
- ✦ Spiegel - Call Center
- ✦ Pfizer
- ✦ ESP - rollout in Connecticut and additional states
- ✦ Christmas Tree Shops
- ✦ Dillard's - extension



PROJECT POSTCARDS

CROSS STORES BASE PLUS IMPLEMENTATION - NEWARK, CA

-- MUFADDAL MOOSABHOY --

On January 22, 2001, the KSA Project Team in Carlisle, PA passed the ball to another team of consultants to carry "Blue Chip" Base Plus into their second distribution center in Newark, CA. With the great success of the Carlisle project, there are some pretty big shoes to fill (\$1.6 million annual savings).

The team here consists of **Mufaddal Moosabhoy**, **Jack Webster**, and **Seth Davis** led by Principal **Jim Severyn** and Manager **Han Nguyen**. We have also welcomed **Steve Roberson** and **Kevin Knight** to get Control Plus up and running and **Randy Unger** and **Jack Horst** to perform MOC training.

Upon walking into the facility, a few observations for improvement were made:

- ✘ Each department runs by "the number". Therefore, regardless of whether there is space, they keep adding more merchandise. As Jim Severyn states, "If they would just stop receiving for about three days, the facility would run so much more efficiently."
- ✘ Flow through the building is sporadic because management receives "easy" merchandise to make "the number" and associates swarm the merchandise as it arrives (no structured procedures).
- ✘ Maintenance was first introduced to the building six months ago. Therefore, most issues that we take to management are maintenance issues, like broken computer terminals or conveyors that should have previously been fixed.
- ✘ The first engineer was hired into the building a year ago and has been underutilized.
- ✘ Improper tracking of associate hours. In one day, there were 400 unaccounted temp hours.

There has been a great deal of excitement filtering through the management and engineering team. They have living proof of the success of the project in Carlisle. Additionally, there is fear of unionization among upper management. They are counting on Base Plus performance bonuses to draw people away from the union vote. In order to filter that excitement down to the associates, management introduced the program in building-wide meetings and a kick-off BBQ.

The first operation to be implemented was "Ready to Wear" merchandise marking (ticketing) in two areas, led by Jack. These two areas encompassed 45% of the building's production and approximately 150 markers. Some of the major implementation issues follow:

- ✘ Communication between supervisors and associates lacked effectiveness, given that supervisors and managers only speak English, whereas 75-80% of the associates only speak Spanish (the other 15-20% speak English with some Hindi). We have a very proactive and helpful Training Manager who helps us overcome this by translating when necessary.
- ✘ Management has agreed to lead kick-off meetings. This has proven to be a very effective way to show that management is behind the program.
- ✘ Many illiterate associates have trouble filling in their timesheets. There is not much to do in this situation, except try to retrain them or move them to another role in the DC.
- ✘ Associates were used to working in teams - which is not as productive as working individually. When we re-engineered the operation, team leaders were removed and supervisors were expected to fulfill their responsibilities without team leaders.
- ✘ Management had difficulty understanding procedures and required extensive training. Jack found himself spending more time in training sessions than originally planned.
- ✘ PM shift managers were initially resistant to change. Although they are now on board, the shift is having trouble getting back on schedule. This is one of the main reasons management pushed back the kick-off for one week.

- Also, management was initially resistant to the change. They were slow to train associates in new procedures, contributing to the delayed kick-off. Although the supervisors were on-board with the new procedures, they had trouble juggling them with old procedures and therefore had difficulty rolling them out. The delayed kick-off allowed managers, supervisors, and associates an extra week to practice the new procedures.

The standard was implemented on Monday, March 5th and it was a great success from the start. Since the name of the program at Ross is "Blue Chip," management had blueberry muffins, cake, and even a blue tablecloth for kick-off. There were also blue balloons throughout the building on the first day. Results for the first two weeks were great!

- Exceeded goal of 2500 units/marker/day on the first day, on-standard. In one area they have hit 2800 units for three days straight.
- Reduced marking staff from approximately 150 to 110 markers. The excess staff were temps, so Ross immediately reduced the number of temps they use for this operation.
- Overall performance remained above 85% for the week due to persistent training and a great work ethic on the floor. This great performance was achieved with about 80% on-standard (25% of which are staggers, coordinators, and administrators).

The next operation is "Ready to Wear" Unit ID, which feeds into the marking areas already on-standard. The greatest implementation issue in this operation is to staff it with associates who are not afraid of computers and to give the associates enough time to become familiar with the procedures.

Project Highlights by the Numbers:

- 4315 - number of seconds collected in timestudy to build the RTW marking standard.
- 1003 - number of times Han has used the phrase "I recommend".
- 100 - number of times Han has re-told the story about the fall in the price of gold.
- 58 - number of times Jack has retrained management in marking procedures... likely to go up.
- 57 - number of times Jack has said, "Okay, I'll go over the procedures with them again."
- 11 - number of hats Moof has in his closet.
- 9 - number of people who saw Seth's dog bite up close (I will leave that story for Seth to tell) in a 24 hour period... this includes the dog, the dog's owner, her family, a doctor, a nurse and all the on-site engineers.
- 7 - number of people that saw Seth's stomach as he performed a belly dance at a Moroccan Restaurant.
- 4 - number of ladies that saw Seth's dog bite and now want to "hang out" with him.
- 2 - number of inches Jim Severyn raises his eyebrows when you try to "pull a fast one on him".



FULFILLMENT TECHNOLOGY NEWS

CRM 101: THE BASICS OF AN EVOLVING BUSINESS STRATEGY, (From *Integrated Solutions*, April 2001)

-- CLARK RIESS --

In the business world, where competition is as fierce as a school of hungry sharks, enterprises cannot afford to not understand the basics of CRM (customer relationship management). Understanding the basics of CRM is not about understanding the latest software, it is much more than that. According to Frost and Sullivan Analyst Stan Prescott, "CRM is the paradigm shift du jour. Fundamentally, it is a business strategy where the customer is at the center of the enterprise." This definition is pretty encompassing, taking into consideration customer satisfaction, product quality, product delivery time, response time to customer inquiries, as well as the various means of analyzing customer buying behavior and forecasting what products/services are going to be in highest demand." CRM can be broken down into three areas: sales, marketing, and customer service," says Lisa McClintock, senior marketing product manager for Interliant." Many companies are realizing that there is much more power in integrating these disparate areas."

Components of A CRM Business Strategy

Within the three areas of the enterprise that CRM targets, there are many components and levels of this business strategy that companies can choose from. Depending on an enterprise's needs, these components can be executed as stand-alone solutions, or they can be integrated together. Even though some companies might refer to CRM components by different names, there still seems to be a general agreement on their basic functions.

Sales force automation (SFA) - this first component is used by organizations of all sizes and is one of the original components of CRM. SFA is a software solution that automates business tasks such as forecasting, sales processing, and tracking of prospect interactions. Some SFA software even gets into analyzing sales performance." The focus of SFA software is to identify revenue opportunities for a company based on the algorithms of the software," says Dan Metzger, senior VP of sales and marketing for Worldtrak.

Automating Your Sales Force

Marketing automation involves harvesting information from various types of data warehouses and turning the data into an actionable marketing plan. "One example of this is to harvest information from a database about customers, purchasers, and decision makers that show certain characteristics," says Glenn Berkwitz, VP of corporate marketing at Primus." Then, enterprises can use this information to generate a letter to those individuals targeting their particular needs." Those who have ever joined a book club or tape club and received catalogs geared toward their specific tastes have experienced this kind of customer relationship management.

Marketing automation at its deepest level strives for a concept called 1:1 marketing. In theory, 1:1 marketing means creating a personalized message for every customer. Unlike the previous example where a retailer sends a catalog that only includes the types of books or music that the customer prefers, a 1:1 marketing strategy would entail the same company recommending a handful of books or tapes that the customer is most likely to purchase. This level of customer relationship management not only requires much more functionality from the software; it also requires a higher degree of training for the CSR (customer service representative). A CRM solution that can create a million personalized messages is worthless to a company unless CSRs and sales representatives also understand what messages are being personalized to the customers and why the messages are being personalized.

eCRM is becoming the latest trend in customer relationship management. Used properly, a Web-enabled CRM solution can be a significant profit-generating channel and customer "touch point" with an enterprise. In fact, retailer Eddie Bauer found that customers who shop through multiple channels, like catalog, store, and online, are three times as profitable as single-channel consumers (see "The ABCs of CRM," February 2001). The balance to this fact is that by becoming totally automated, companies can become too impersonal. Sometimes customers need to talk to a person, and they become irate when they are bounced from voice message to voice message. The goal of automating the sales, marketing, or customer service process is not to lose contact, but to provide value-added service. Some companies take their eCRM solution a step further by adding functionality such as VO/IP (voice over Internet protocol), which includes e-mail management and instant messaging or Web chat features. VO/IP eliminates the need for mobile workers to carry multiple handheld devices. It also saves call centers from having to pay long distance telephone charges when calling customers outside the local area. Additionally, VO/IP-enabled CRM solutions can transmit data directly to a database, which cuts down on labor time and helps streamline customers' orders. "This kind of technology is revolutionizing the call center," notes Berkwitt. "Traditionally, call centers were seen as an expensive 'necessary evil' that companies used to maintain a certain level of customer service. Nowadays, these centers are called contact centers, or more appropriately, profit centers."



INDUSTRY INSIGHTS**PALLET MANAGEMENT, SOLUTIONS EMERGE TO HELP MANAGE A VALUABLE ASSET***(By Traci Carneal Food Logistics Magazine, March 15, 2001)***-- NICOLE DiSTASIO --**

Pallet management tools range from simple software to complex bar-coding programs. It could be plastic, wood, metal or corrugated. It takes a great deal of physical abuse, but holds up under the pressure in the appropriate scenario. It could have one owner, but often has many. It could be a bumpy ride, or a smooth one. No doubt, it's a tough life for a pallet.

Despite this unending dedication to getting the right product to the right place at the right time, some say pallets haven't received the credit and attention they deserve... until now. The tide is beginning to change as companies realize the benefits of efficient pallet management, which can lead to lower costs, higher recovery rates, less inventory and higher customer satisfaction.

Pallet management can be as simple as knowing which type of pallet is most compatible with a product load or distribution scenario, or more complex when it comes to balancing expense with performance, using pallet pools, tracking pallet location and integrating technologies among trading partners to gain visibility into the pallet network.

With companies both large and small setting their sights on supply chain visibility, the industry is seeing a shift in pallet identity from product carrier to information transporter. This trend has presented more management options to manufacturers, retailers and distributors, and has elevated the role of pallet and management service providers. "Until recently, no one has been paying attention to the pallet guys," says Keith Dierkx, vice president of business development for Savi, Bartow, FL, a provider of pallet management software and integration solutions. "But now they are realizing that since they provide capture and movement of information at the lowest item level, they strategically have a role to play in end-to-end dynamic supply chain visibility and execution."

Hartson Poland, vice president, PDQ Plastics Inc., Bayonne, NJ, concurs that more emphasis should be placed on the role of pallets. He adds, however, that the first step in the pallet management process is to recognize pallets as assets. "This industry faces the overwhelming challenge of a longstanding history of the pallet being considered a throwaway item. The first step to a successful pallet management program is to treat the pallet as an asset so you can apply the principles of inventory control in use today," he states. Dierkx agrees. He further states that if a company can manage its assets well, including its pallets, then it will reap the rewards of reduced inventory levels while maintaining high-quality service. "If you don't know where your assets are, you tend to put more assets into the system in order to service your customer better," Dierkx says. "Also, if you manage your assets better, you can reduce costs associated with expediting them under tight deadlines."

To learn more about "Pallet Management" contact Nicole DiStasio to receive this article in its entirety.



NEWS NOTES AND NONSENSE

THE 10 COMMANDMENTS OF HUMAN RELATIONS, FROM *THE POWER OF INFLUENCE*, BY JOHN NAXWELL
-- LAURIE CRANKSHAW --

1. Speak to people
2. Smile at people
3. Call people by name
4. Be friendly and helpful
5. Be cordial
6. Have a genuine interest in people
7. Be generous with praise
8. Be considerate of the feelings of others
9. Be thoughtful of the opinions of others
10. Be alert to give service



Quote of the week...

Most of us miss out on life's big prizes.
 The Pulitzer, The Nobel, The Oscars, The Tonys, The Emmys.
 But we're all eligible for life's small pleasures.
 A pat on the back. A kiss behind the ear. A four-pound bass.
 A full moon. An empty parking space. A crackling fire.
 A great meal. A glorious sunset. Hot soup. Cold beer.
 Don't fret about copping life's grand awards.
 Enjoy its tiny delights.

-- Author Unknown --

DEADLINES FOR SUBMISSIONS TO THE HOT SHEET

DIRECTOR'S CORNER & PROJECT POSTCARDS - WEDNESDAY BY 12:00 PM (ET)

FULFILLMENT TECHNOLOGY, NEWS, NOTES, & NONSENSE, ETC. - THURSDAY BY 12:00 PM (ET)



THE HOTSHEET

EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ♣ MARCH 23, 2001, VOL. 10, NO. 11

PROJECT POSTCARDS

BIG TEAM = BIG COMMUNICATION CHALLENGES

-- BENJAMIN MOKOTOFF & ASHRAF EISA --

The Wal-Mart.com project team has been on-site in Carrollton, GA (1 hour outside Atlanta) for the last 2 months and we are becoming accustomed to the local flavor... namely fried pies and grocery store delis. We have a relatively large KSA project team and a large team from Wal-Mart and Walmart.com (KSA team: **John Karonis, Cameron Geiger, Scott Vifquain, Marc Bessho, Ashraf Eisa, Benjamin Mokotoff, Brad Taylor, Craig Morin, Andrea Etwaroo and Marty Farley**). We are in constant contact with project members in San Francisco, CA (Walmart.com) and Bentonville, AR (Wal-Mart) as well as the WMS/MHE vendors. The goal has been to streamline our communication efforts and make them as efficient as possible. To achieve this we have implemented eRoom (which may be useful to you on your project).

eRoom's web based project collaboration software has played an integral role in the Carrollton Implementation project thus far. The easy to set-up user interface requires little if any administration and is very intuitive in nature. Logging into the Carrollton Implementation eRoom, any project member, no matter where they are, gains access to the most up to date project documentation. Change tracking functionality built into the software becomes especially useful when a document has multiple owners.

Database creation capabilities offered by eRoom give the team the opportunity to centralize issue and task lists while grouping them by project stream. The distribution of documentation for conference calls is no longer necessary, as everyone involved can either download it from the eRoom or simply view it online. Calendar functionality keeps everyone on the same page with regard to project meetings and deliverable deadlines.

eRoom has become a tool that every member of the project team uses in one way or another. There are currently over thirty-five active users from Wal-Mart, Walmart.com, KSA, and the chosen software/MHE vendors. While we have only been using eRoom software for a few months, it's difficult to imagine the project without it.



PROJECT POSTCARDS

WALMART.COM IMPLEMENTATION UPDATE

-- BRAD TAYLOR --

Over the last 12 months, the Walmart.com Implementation team has seen some drastic changes. When the project began last March, the dot-com world was at the height of its short-lived stock market reign and the NASDAQ was at 5000 – times were good. As I write this, only a few major web retailers remain in business, and the NASDAQ has fallen over 60 percent from its high. Despite the marketplace chaos, Walmart.com continues to chug forward towards its goal of opening a brand new, state-of-the-art DC in Carrollton, Georgia, and has even enjoyed a few successes in the meantime.

Last fall, Walmart.com shocked the dot-com world by launching a completely revamped version of its website literally days before the peak of the holiday season. With KSA's help, they pulled it off beautifully with minimal impact to the customer. All the while, the construction of a 650,000 sq. ft. building and a WMS selection was in full swing. Currently, Walmart.com is hiring its Carrollton management team and continuing to monitor software development and building construction.

KSA's team is constantly changing, in order to respond to Wal-Mart's changing support requirements. As a result, Andrea Etwaroo will be rolling off the team. The whole team would like to thank Andrea Etwaroo for joining us on two separate occasions for several weeks to save the day. Andrea played an integral part in Walmart.com's preparation for their Conference Room Pilot with Retek during the month of October. She came back to the project in December to begin documenting procedures, and lend her WMS expertise to the modification design effort. Andrea, best wishes as you move on to your next KSA fulfillment project.

KSA Implementation Team:

Mohraf Eisa, Andrea Etwaroo, Marty Farley, Cameron Geiger, John Karonis, Benjamin Mokotoff, Craig Morin, Brad Taylor, Scott Vifquain

ROSS STORES

-- HAN NGUYEN --

Ross Stores Base Plus® Implementation in Newark, CA kicked-off on January 23, 2001. The project team has 3 on-site consultants: Mufaddal Moosabhoy (Project Lead), Jack Webster, and Seth Davis, Han Nguyen as Project Manager, with Jim Severyn as Project Director. Seth was also part of the Base Plus® implementation for Ross in Carlisle, PA and he was very happy to exchange the northeast winter for the California sunshine. The project is expected to be approximately 11 months in duration.

On February 26, Moof and his team kicked-off the first two operations and achieved outstanding results. Ross Store's management is extremely pleased with the results thus far, with an immediate **25% increase in productivity** on-standard in the area on the first week.

Congratulations to Moof, Jack, and Seth!



FULFILLMENT TECHNOLOGY NEWS

AL SAMBAR --

What's all this business about EDI, XML, and EIEIO?

You can't wade through all those free industry magazines these days without getting overrun by acronyms. The inundation of B2B topics in the last year has made the alphabet soup even worse for the non-technical among us. So how about we tackle two at the very root of the B2B technology, EDI and XML.

DEFINITIONS (STRAIGHT OUT OF GARTNER'S 'GEEKSPEAK DICTIONARY')

- ♣ EDI (electronic data interchange)
The electronic exchange of trading documents (e.g., invoices and orders) to facilitate e-commerce. Originally-conducted only through value-added networks, EDI is gradually moving to the Internet.
- ♣ XML (Extensible Markup Language)
A human-readable, machine-understandable, general syntax for describing hierarchical data, applicable to a wide range of applications (databases, e-commerce, Java, web development, searching, etc.). Custom tags enable the definition, transmission, validation, and interpretation of data between applications and between organizations.

PHEW, WHAT DOES THAT MEAN TO YOUR AVERAGE FULFILLMENT CONSULTANT?

Well, EDI has historically been very difficult to install because of complexity, which in turn led to cost. So, if for example you wanted to see what cartons you will be receiving today and possibly even pre-allocate, companies often had difficulty obtaining EDI Advanced Shipping Notices from those vendors that were not very large in size. Using the web to pass this information opens communication to whole new layers of vendors.

Traditional EDI networks require the communication of a predefined message through a phone line from supplier to retailer. This led to two difficulties:

1. VAN costs. VANs (Value Added Networks) are third parties that managed that 'phone line' connection between the two parties.
2. The complexity of configuring the information made adding new information exchange a laborious task.

XML addresses these two concerns by enabling the transmission of the information via the Internet instead of direct line, and by providing a very flexible language to quickly build new communication configurations.

IMPLICATIONS

The implications of this new technology are significant, specifically:

- ♣ The low barrier to entry means smaller suppliers will be expected to provide the same level of communications as others.
- ♣ For key suppliers, the ease of exchange allows the numerous points of communication required to truly collaborate (CPFR).

INSIDE THE INTRANET

Why Shippers Like Zoneskipping" (From Logistics Magazine February 2001)

-- ROBERT FULGHUM --

"Most zoneskipping today involves delivering presorted packages to the U.S. Postal Service regional and local processing facilities. For starters, it saves both time and money. The only hitch is that users must meet certain minimum parcel weight and volume criteria, but consolidators are hoping they can help."

Zoneskipping is the money-saving practice of moving parcels part way around the country and then inserting them into the USPS units closest to their destination. This practice of parcel consolidation allows parcels to "skip" over some of the eight geographical zones established by the USPS for pricing purposes. Since shipping prices are determined by how many zones a package crosses while in transit, zoneskipping lowers the shipping price. For example, shipping costs for a six-pound package that crosses five zones would be \$5.22, whereas, zoneskipping would drop this price to \$1.41. USPS encourages zoneskipping through its "Parcel Select" program, which allows packages to be inserted into the postal system at the local level. L.L. Bean, Lillian Vernon, Fingerhut, Miles Kimball, the Home Shopping Network, and Victoria's Secret have all used zoneskipping to lower shipping costs.

However, Parcel Select customers must sort their packages according to specified procedures and achieve certain minimum weight and volume criteria. These restrictions mean that few shippers can qualify for the discounts themselves, which has led to the development of parcel consolidators.

The increase in online retailing, catalog sales, and TV direct marketing is raising the demand for parcel shipments; as a result, parcel consolidators are targeting the dot-com and television marketers. As FedEx and UPS continue to raise their rates, more people are willing to wait a couple of days to receive their product at a lower shipping price, thereby further fueling the demand for parcel consolidators.

In addition to the restrictions on zoneskipping, there are some discouraging trends with parcel consolidators as well. Consistent high volumes are essential for consolidators, but the slowing of the U.S. economy and the closing of many dot-coms may not make this possible. For example, Paxis, a joint venture of GATX Logistics and Lockheed Martin, shut down last November due to insufficient packing volumes. Consolidation among the consolidators may be their best bet for survival in the future.

If you would like to read this article in its entirety, please contact Robert Fulghum.

Quote of the week...

We are continually faced by great opportunities brilliantly disguised as insoluble problems.

-- Lee Iacocca --

(American Businessman, Former CEO of Chrysler)

NEWS NOTES AND NONSENSE**WEDDING CELEBRATION!** (CONTINUED FROM 03-08-01 HS)

-- JOSE GERARDO AYALA --

Congratulations!



And they went to the Chapel and got married...

Afterwards... the reception, where our esteemed associate Jose Luis Gomez (groom) and his new wife Yolanda celebrated their happiness with friends and family past 3:00 AM.

The wedding took place in Monterrey, Mexico



Standing: Roberto Treviño, Imanol Iznalao, Ignacio Felix, Irma Rosales, Jose Ayala, Norma Saenz, Gustavo Rodriguez, Lisandro Sagastume, Rodrigo Lopez, Judith Lopez
Sitting: Monica Tamez, Jilma Felix, Larissa Sagastume

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

PROJECT POSTCARDS - WEDNESDAY BY 5:00 PM (ET)

DIRECTOR'S CORNER, FULFILLMENT TECHNOLOGY, NEWS, NOTES, & NONSENSE, ETC. THURSDAY BY 12:00 PM (ET)

THE HOTSHEET

PUBLISHER: MEGAN L. ANDRESEN
EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ♣ MARCH 15, 2001, VOL. 10, NO. 10

DIRECTOR'S CORNER

-- KEN WALKER --

"Is Fulfillment committed to the West Coast?"

A year ago a number of people in the group were uncertain about that commitment. Notable exceptions, in addition to Fulfillment Leadership, were **Priscilla Jorgensen** and **Troy Van Wormer** who did an outstanding job as the only Fulfillment consultants assigned to the West Coast. Congratulations and thank you!

As of this article, the West Coast Fulfillment group includes 9 settled Principals, Managers, and Consultants and 11 relocating Consultants who have indicated that they will be joining the group in the Los Angeles office in the future. This group includes 2 consultants who are broadening their skills and lending a hand in Germany and the UK – Priscilla and **Brad Anderson**. We are also happy to be hosting **Connie Kwok** during her temporary assignment to the US.

Major projects currently underway include:

- ♣ Base Plus ® for Federated Department Stores' big ticket facility at Mission Road in Los Angeles
- ♣ Base Plus ® for Federated Department Stores' big ticket facility at Union City in the Bay Area
- ♣ Base Plus ® for Ross Stores' DC, also in the Bay Area

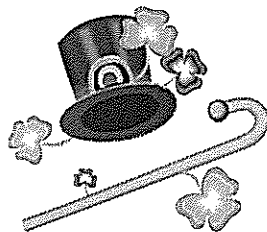
Recently concluded projects for Mattel, Duty Free Shoppes, Charlotte Russe, Hub Distributing, Ashworth, Bear Creek and others have helped us to begin to rebuild our presence.

Short-term prospects on the West Coast include:

- ♣ a third Base Plus ® project for Federated Department Stores in Tukwila, WA
- ♣ follow on work with Bear Creek in Medford, OR
- ♣ follow on work with Charlotte Russe in San Diego

Proposals are underway for Foster Farms, in conjunction with Swander Pace, Maintenance Warehouse (which is owned by Home Depot), Warehouse Music and others. In addition we have 2 project opportunities in Mexico that are in varying stages of development.

I want to take this opportunity to thank everyone for his or her support and commitment to the growth of the West Coast Fulfillment practice!



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PROJECT POSTCARDS

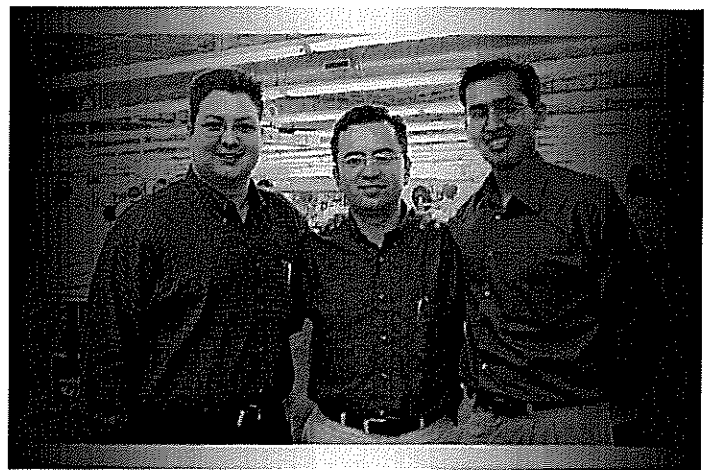
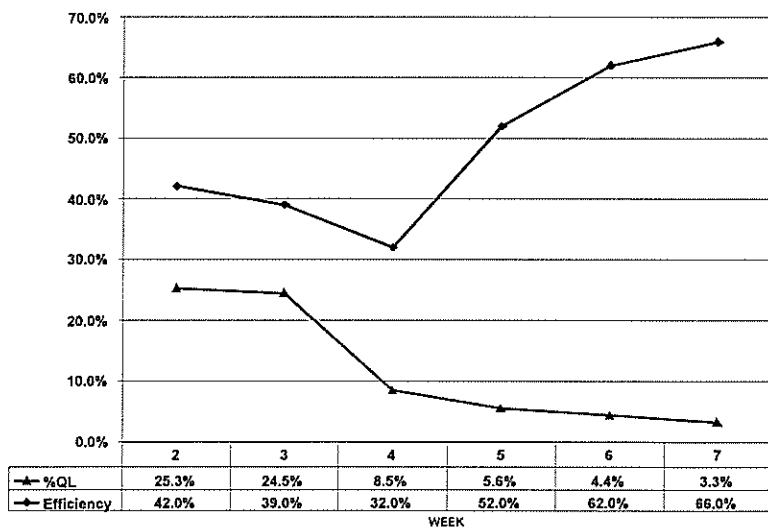
✓ VANITY FAIR INTIMATES

-- IGNACIO FELIX --

The project with KSA Americas' longest running client, Vanity Fair Intimates, gave a new turn for 2001. Part of the new scope of the project is a special focus in designing a system to control outgoing quality in their 14 manufacturing facilities in Mexico and Honduras. Our client refers to the new system as the biggest project in VFI plants; it will impact the daily activities of more than 8,000 employees.

The pilot plant of the new system is in Reynosa, Mexico, where **Jesus Caldera**, **Gustavo Rodriguez** and **Ignacio Felix** are working in designing and implementing the new system with VF management and personnel. **Marcos Corminas** and **Sergio Cruz** are supervising the project. The design of the new system was fun, especially the part of "digging out" our college books on statistical theory (now you know who to ask if you want to know what a "nomogram" is). The project took a quick turn and we had some rough times dealing with translation difficulties. Some people in the project are still arguing if a "Gantt chart" is the same thing as a "chronogram" as KSAers/VFlers - from Cuba, Mexico, Honduras, Spain, U.K. and the U.S.A. - do not speak Gustavo's native tongue Colombian very well... yet! After a quick search in dictionaries (AltaVista, Royal Spanish Academy, Webster, and Word thesaurus), we agreed that they can be used interchangeably in Spanish but not in English.

After the big debate the project has gone smoothly and with outstanding results. The following chart shows the weekly results (quality level and productivity) in the first module where the system was implemented. As you can see, results in efficiency improved significantly as methods and specifications in every operation were corrected. Associates are also very happy with the results, as their salaries have increased more than 30%. The project is now in the rollout phase to the rest of the first plant and it will then spread to the remaining 13 facilities in Mexico and Honduras. **Sergio Hernandez**, **Alberto Jaramillo**, **Rodrigo Lopez**, **Alfredo Lozano**, and **Felipe Olivares** comprise the rest of the current KSA team at VFI across these factories.



L to R: Ignacio Felix, Gustavo Rodriguez, and Jesus Caldera

FULFILLMENT TECHNOLOGY NEWS

FROM THE AMR RESEARCH ALERT ON SUPPLY CHAIN MANAGEMENT, JANUARY 8, 2001

-- SCOTT VIFQUAIN --

This article about the state of the Fulfillment Technology market is a bit old, but it's still a good summary...

"Supply Chain Execution (SCE) vendors are in a continual struggle to differentiate themselves in a highly fragmented, over-crowded market. It's a slugfest with a low success rate, resulting in a market in which the vast majority of vendors have revenue of under \$40M. Even with the recent buzz about e-fulfillment and the recognition that effective distribution and logistics operations are critical to success, SCE products are by nature tactical, enterprise-centric applications that lack C-level appeal.

To escape the morass, SCE vendors are trying to figure out how can they become more strategic to the overall supply chain. There is no question that SCE applications play a vital role in supply chain management, as it is these systems that collect data like inventory levels from the physical world. Data collection is one thing, but managing the collected data across the extended trading community and making real-time decisions with the data is where the real strategic value lies.

With this in mind, several SCE vendors are abandoning or de-emphasizing their traditional SCE roots and betting on becoming vendors of Supply Chain Event Management (SCEM) and multi-enterprise order management applications. For instance, Kewill Systems has sold off its Warehouse Management System (WMS) applications to focus on Web-based supply chain visibility. Optum sold its Transportation Management System (TMS) product to concentrate on its visibility product, TradeStream. Likewise, Yantra has de-emphasized its WMS application in favor of its extra-enterprise order management product, PureEcommerce.

The vendors are helping to redefine SCE from an application set focused on single enterprises to one that can coordinate the execution activities of multiple organizations. The new SCE applications then become the engines behind private and public trading exchanges for order fulfillment in a many-to-many environment and provide real-time, network-wide execution data to improve supply chain planning. While the vision is there, no SCE vendor has yet completed the transition, but the new identity is being forged."



INSIDE THE INTRANET

-- NICOLE DISTASIO --

Log on to the Intranet today and check out recently posted case studies including "KSA Helps D2C Company Develop Long-Term Logistics Strategy" and "KSA Helps Direct Marketer Improve DC Productivity".

Click on this link: [http://web1/tools/communications /casestudiesands /fstoc /casestudies /operationsandfu](http://web1/tools/communications/casestudiesandsfstoc/casestudies/operationsandfu) to access these new Intranet additions directly.

Many thanks to Dan Stonaker and the Communications Department for their efforts in having these case studies posted to the Intranet.



NEWS NOTES AND NONSENSE

WHAT IS A CSP?

-- DAN STONAKER --

A CSP is a Commerce Service Provider. There are several different CSP models that exist. The most common is a business that promises to provide an end to end e-commerce solution for a client. Typically the solution would include everything from web site development, to back-end fulfillment. Commerce Service Provider's tout technology and fulfillment as core competencies and available infrastructure that allow businesses to create an online presence in as little as 6 weeks. Many of the CSP's today closely resemble Application Service Provider's with back-end fulfillment partnerships. The main difference is how the deal is structured. Instead of a large up-front fee (\$1MM+) for an ASP, a business can pay a smaller fee (\$100K) to a CSP. However, the CSP will want a cut of the sales generated at the web store. The main CSP players include Vitessa, Iconomy, and Escalate. Our client, Global Sports has created a new CSP model, in that they even purchase and own the inventory.

Quote of the week...

I have learned through bitter experience the one supreme lesson to conserve my anger, and as heat conserved is transmitted into energy, even so our anger controlled can be transmitted into a power that can move the world.

-- Mahatma Gandhi (1869-1948) --




DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

PROJECT POSTCARDS TUESDAY BY 12:00 PM (ET)

DIRECTOR'S CORNER, FULFILLMENT TECHNOLOGY NEWS, NEWS, NOTES, & NONSENSE, ETC. WEDNESDAY BY 12:00 PM (ET)

.



THE HOTSHEET

PUBLISHER: MEGAN L. ANDRESEN
EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ♣ MARCH 8, 2001, VOL. 10, NO. 9

CONSULTANT SPOTLIGHT

-- DAVID CASCIO --

David joined KSA in October 2000. He graduated from the U.S. Military Academy in 1993, completed seven years in the U.S. Army and two years with L.B. Smith, Inc. in the Engineering Division.

David has been married to wife, Deanna for seven years. They have two children - daughter, Jordon (4) and son, Joshua (2).

Although his favorite trip was a 7-day Caribbean cruise to Jamaica, Grand Cayman, and Cozumel for some site seeing, shopping, and diving, his most interesting trips involved visiting the Panama Canal and the Hoover Dam. David finds it "...remarkable how, without the aid of computers and present day technology, these two incredible structures were designed and built to last as long as they have."

David is a big Baltimore fan (Orioles and Ravens). At a pre-football game gathering he met Justice Antonin Scalia and his wife. It was then that he thought, "How limited my world is; the people I read about in the newspapers and magazines (i.e. Senators, Congressmen, World leaders) are the people Justice Scalia and his wife deal with on a daily basis."

Through his weekend travels, David discovered the best places to eat are at any crab house or seafood restaurant on the Chesapeake Bay or Eastern Shore of Maryland. According to David, "There is nothing better than seeing fresh shrimp, crab, or fish come off the boat and go right into the steamer."

David is a member of KSA's Princeton Office.



DIRECTOR'S CORNER

THE POWER OF GLOBAL INTEGRATION

-- MIKE SWIFT --

Our Fulfillment practice has been steadily expanding around the globe, with Logistics and Operations skills in many offices across North America, Europe, and Asia. The team in our International offices is made up of several groups -- most are local citizens, and a few are borrowed from other parts of the world. USA Fulfillment consultants currently in Europe and Asia include **Britt Dayton**, **Ashley Deaton**, **Mark Messinger**, **Priscilla Jorgensen**, **Bob Roge** and **Dan Bruce**, along with consultants in other service groups. We regularly trade consultants between our Latin American and USA practices. Numerous consultants from other regions have relocated at times to North America.

Our objective is much more than an International presence. We strive to become the global consulting partner for our clients. The great operations work we are doing for VF Corporation in Mexico recently helped to land a logistics strategy project in the USA. At Reebok, we worked first in the USA, then across Europe, and then to Japan. We've helped Timberland establish operations in multiple countries. We've worked for Levi-Strauss & Co all around the world. The recipe for success is simple -- do a great job wherever you start, develop relationships with the right client personnel, and work closely with international colleagues to develop these opportunities.

A key to success is to integrate methodologies and knowledge. That's one of the reasons consultants are designated to long-term assignments in other countries. **Dave Rush**, who is currently in Europe, is a great example of the power of integration. Nearly every week some of us communicate with him. Sometimes he's looking for information, sometimes we are. We all know it benefits KSA as a whole.

These International assignments are wonderful opportunities. If you are interested, let us know. We'll readily admit that we usually have more volunteers than positions, but we do remember who has expressed interest. Even better, take the time to learn another language. It doesn't have to be terribly difficult -- as **Sergio Cruz** told a few of us recently, all we need to do is watch the news on the Spanish channel every evening, and we'll soon have a better grasp of the language.



FULFILLMENT TECHNOLOGY GROUP

-- JOHN KARONIS --

The Technology Group has recently completed a strategic review of its services and markets. The outcome is an exciting direction for the group, which will continue to yield high value services for our clients while also positioning KSA to capitalize on future technology developments. A brief summary follows, based on three fundamental questions that define the group's vision.

1. Which supply chain areas should the Technology Group focus on?

The Technology Group, like the Fulfillment Group as a whole, will focus on those supply chain functions related to the physical flow of product, and/or the information related to this physical flow. Within this guiding principle, the specific criteria for selecting these functions were:

Clients perceive a significant problem/need in this area:

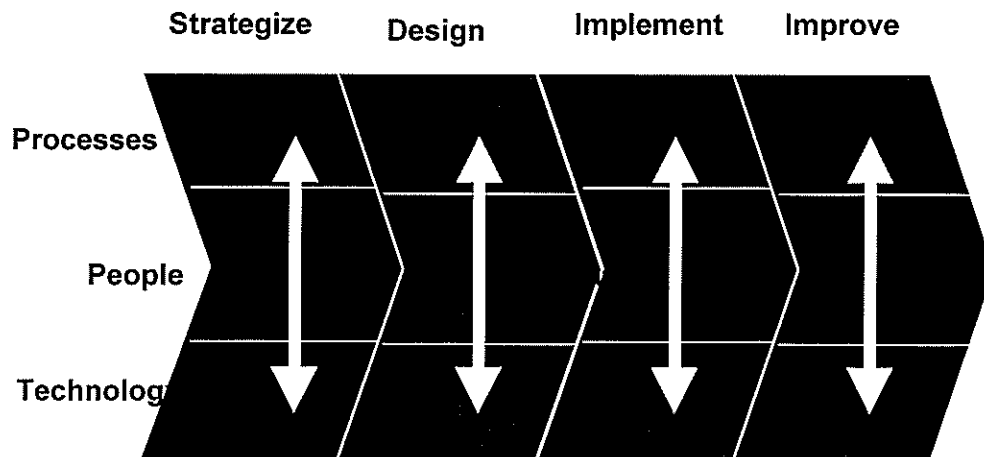
- ❖ Projects will be highly leveraged and profitable
- ❖ Technology services will be complimentary to other Fulfillment Services, i.e. WMS installation with DC design
- ❖ KSA will yield a high return on its investment to develop these services, relative to the revenue generated by these services
- ❖ The service area is at a point in its lifecycle which will allow significant potential longevity for ongoing work

Using these criteria, we have identified four supply chain areas on which to focus. They are:

- ❖ **Production** - Production and/or manufacture of products within KSA's target industries
- ❖ **Logistics & Distribution** - Physical movement and/or storage of raw materials and finished goods - this will include manufacturers "brick and mortar", retailers, and direct to consumer retailers
- ❖ **Customer Contact** - Customer contact activities, to include call center, e-mail, and direct marketing operations
- ❖ **Supply Chain Event Management** - B2B information flow that provides complete data visibility between supply chain trading partners

2. What services should be provided within these supply chain areas?

The services that are provided by the Fulfillment Technology group must complement those that are provided by the overall Fulfillment practice. As presented at the Fulfillment Conference in May, we will continue to integrate our service offering across the service continuum shown below.



The services that the Technology Group will provide are:

Strategy

- ✦ IT related elements of overall business strategy
- ✦ IT element of supply chain and logistics strategy

Design and Specification

- ✦ Specification of functional and business requirements
- ✦ Evaluation and selection of software packages

Implementation

- ✦ Configuration and testing of selected packages
- ✦ Facility “run-in” and start-up assistance
- ✦ Coordination of Enterprise Application Integration (EAI) activities

Performance Management

- ✦ Integration of performance management systems with execution applications
- ✦ Systems recommendations to improve operational performance

3. What actions are required to develop these areas?

Several specific actions will be undertaken to begin implementing these plans.

Centers of Excellence – Centers of Excellence have been created for each of the four supply chain areas mentioned earlier. Their purpose is to be the repository for all information related to that specific supply chain service area, including:

- ✦ Service development, in cooperation with other KSA practice areas
- ✦ Development and maintenance of marketing materials
- ✦ Development of thought leadership content
- ✦ Service specific professional development
- ✦ Dissemination of service specific information to KSA

Methodology Development – The Platinum methodology has already been tailored to WMS implementations. This will now be further developed to satisfy needs in the other areas.

Communication – There are several initiatives here, including weekly HotSheet inputs, distribution of marketing materials, and project case studies.

Coordination with other KSA Practice Areas – A key to the group’s, and KSA’s success, will be the degree to which we integrate our services to address our clients’ ‘end-to-end’ supply chain needs. To that end, we will be coordinating our activities closely with the IT and Merchandising groups, to ensure that we make the best use of the knowledge and skills that we have within the firm.

The next few years represent an exciting opportunity for KSA. We’re confident that the direction laid out for the Fulfillment Technology Group will enable KSA to continue to capitalize on these opportunities. We will keep everyone informed of the group’s progress.



INDUSTRY INSIGHTS

(ROCKWELL AUTOMATION'S: "MAKING SENSE OF E-MANUFACTURING: A ROADMAP FOR MANUFACTURERS")

HOW WALL STREET EVOLVED THE E-MANUFACTURING MINDSET

-- NICOLE DiSTASIO --

Once upon a time, the plant floor was isolated from the rest of the enterprise -- operating autonomously and out of sight from the rest of the company and, in particular, from the scrutiny of a company's shareholders.

Not anymore. Plant floor, meet Wall Street.

Companies today -- including old-line manufacturers -- are driven by shareholders and financial analysts to improve bottom-line performance. Market validations, like meeting or exceeding earnings forecasts and the return on net assets, are the hair-triggers that, if met, can send company stock soaring - or tank it by double digits.

For today's manufacturing company what matters most is not only growing sales, it's how efficiently a company can operate as an organization. Chief financial officers have found the religion of operational excellence. Whether it's Lean, Six Sigma, or any variety of homegrown initiative, successful companies today leave no stone unturned to squeeze the excess. By cutting the "fat," streamlining internal processes, and leveraging technologies like the Internet, a company can be better, faster, and cheaper than the competition -- and maintain the confidence of Wall Street pundits and investors.

Traditionally, the plant was the life-blood of every manufacturing enterprise, the place where value was created. Of course this remains the case today, even in this world of crazy "dot-com" valuations. But as industries consolidate and restructure, some companies are choosing to remain as the producers of goods while others are positioning themselves downstream in the supply chain to be the marketers of those same goods. In almost every industry, tightly integrated supply chain models, such as those popularized by Dell Computer and its extensive web of suppliers, are emerging. In these new models, connection of the plant floor to the broader supply chain is essential, and information access is more critical than ever. The Internet and e-commerce have simply accelerated this trend.

The borders are lifting within the enterprise -- all areas from planning to logistics fall under scrutiny for cost savings. And while companies scramble to meet consumer demands for e-commerce channels, manufacturers are finding themselves in, at times, uncharted waters - trying to make sense of the maintenance, repair, and operations organization, while understanding the true capacity of the plant floor and how to increase efficiency.

The days are gone when the plant operated autonomously from the overall enterprise and with good reason. We've all heard the adage; "Knowledge is power." How true for today's manufacturer. In fact, the most strategic advantage of any organization today is information - even more so, the right data to help make informed business decisions. Whether the challenge is faster time-to-market, improved process yield, non-stop operations or tighter supply-chain coupling -- information is the key.

The plant floor is the starting point for greater information connectivity. Computer-based plant-floor controls for manufacturing machinery, material handling systems and related equipment generates a wealth of information about productivity, product design, quality and delivery. Contemporary automation architecture is the key to unleashing this information in a cost-effective manner.

If you would like to read this article in its entirety, please contact Nicole DiStasio.

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ANALYST DESK

-- ROBERT FULGHUM --

The new Design Guide from Crisplant, a world leader in high-output sortation systems, is now available in the Atlanta Fulfillment Services Analyst Office. This manual is an excellent reference for determining innovative ways to apply and configure advanced sortation technology. It includes examples of actual applications, design guidelines, templates, tables, and formulas.

Specific sections include:

- ❖ A draft form from the Materials Handling Industry Association, which is designed to ensure that you have considered all aspects of your customer's requirements before starting a project
- ❖ A section on the fundamentals of sortation, which presents a few examples of typical high speed sortation system applications (packing, shipping, and returns) along with a brief description of the operation of each system
- ❖ Pictures of Crisplant sorter sub-systems
- ❖ Directions for specifying high-speed sortation systems
- ❖ Summaries of Crisplant products
- ❖ Information on controls and software

This manual can be signed out from the Fulfillment Services Analyst Office in Atlanta. *Please contact Robert Fulghum in the Atlanta office if you have further questions.*



Quote of the week...

To endure is greater than to dare; to tire out hostile fortune;
to be daunted by no difficulty; to keep heart when all have lost it;
to go through intrigue spotless;
to forego even ambition when the end is gained –
who can say this is not greatness?

-- William Makepeace Thackeray --

NEWS NOTES AND NONSENSE

POINT OF NO RETURN!

-- JOSE GERARDO AYALA --

(Sing along to the tune, "Chapel of Love")
 Miami Office celebrates and the sky is so very blue
 Whoa-o-o-o, KSAers toast as if they knew,
 March 10th is the day he'll say, "I do" and he'll never be single again...

...Because he's,
 Goin' to the chapel and he's
 Gonna get married,
 Goin' to the chapel and he's
 Gonna get married...



Bachelor party celebration for Jose Luis Gomez.
 Congratulations Jose Luis!
 L to R: Jose Luis Gomez (Groom-To-Be), Jose Gerardo Ayala,
 Irma M. Rosales, and Megan L. Andresen

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

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DIRECTOR'S CORNER, FULFILLMENT TECHNOLOGY, NEWS, NOTES, & NONSENSE, ETC. WEDNESDAY BY 12:00 PM (ET)

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THE HOTSHEET

PUBLISHER: MEGAN L. ANDRESEN
EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION © FEB. 22, 2001, VOL. 10, NO. 7

CONSULTANT SPOTLIGHT

-- NATHAN BURKLAND --

Born in Billings, Montana, Nathan attended the University of Montana, he then went on to the University of Sydney, Australia. In 1999, he earned the Logistics Australian Award for academic excellence.

Nathan enjoys working out in his free time. If Nathan were to retire today, he would love to travel and settle in New Zealand. You might catch him at his favorite restaurant Aussagio's in Hawaii or simply catching a football game.

Nathan is a member of KSA's Atlanta Office.

DIRECTOR'S CORNER

-- LISANDRO SAGASTUME --

Fulfillment consultants continually ask me about the expanded service offerings of the group. One of the services mentioned most is the Operations Financial Assessment (OFA).

An OFA focuses on four areas:

- ✦ Operations Financial Impact: Opportunities to improve the financial performance of a client company's operations are identified through a high level financial-based analysis of the client's owned and operated facilities.
- ✦ Manufacturing Productivity Evaluation and Analysis: Historical performance and earnings are reviewed and compared to the actual work environment. An evaluation of the gap between capacity and historical performance, or "loss to capacity" is used to identify activities with the largest opportunity for improvement.
- ✦ Manufacturing Cost Analysis: Analyze the details of manufacturing costs (materials, direct and indirect labor, overheads) and compare to our measurements and observations to identify opportunities for improvements in labor and overhead utilization
- ✦ Manufacturing Design Review: Evaluate the effectiveness of the manufacturing processes to identify opportunities in inventory effectiveness, as well as support the opportunities identified above. A review of manufacturing design issues will be provided to facilitate improvements in inventory effectiveness, manufacturing costs, and productivity.

The Operations Financial Assessment identifies the drivers affecting the financial performance of a client company's manufacturing and sourcing assets. The results show opportunities in asset turns and operations profitability through improvements in manufacturing, sourcing costs, productivity, and design. These opportunities are summarized with their potential improvements in savings and performance. Also summarized are the implementation actions necessary to achieve these improvements (read – potential KSA projects!). This approach has been sold as a stand-alone project and has been incorporated into the diagnostic phases of several operational improvement projects.

Curt Clark has taken the lead in developing and expanding this service. Please call on Curt or myself to further discuss or especially if you know of a client situation that might warrant this service.

PROJECT POSTCARDS

NEWPORT NEWS, INC.

-- STEVE LEFKOWITZ --

What do you get when you put three consultants and a stripper in a 10x10 room? No, it's not the beginning of a joke, its Base Plus at Newport News, Inc. From the beginning, the PEER (Production Earns Extra Rewards) team stirred excitement and anticipation in every area it investigated. Was it the engineering team and the promise of extra money that intrigued the associates? Or was it instead our NNI counterpart- mild mannered engineer by day- male exotic dancer by night? Though we may never know for sure, there were an unusual number of female associates requesting their bonuses all in one-dollar bills.

The KSA team began with **Steve Osburn**, **Aaron Todd**, and **Steve Lefkowitz**, headed by Principal **Jeff Boudreau** and Manager **Rich Dec**. On various occasions, passersby might overhear Mr. Osburn explaining that it is perfectly reasonable for a basketball player to foul (and injure) himself in a game of Horse. To this, Aaron would most likely respond, "Speaking of Basketball, let me tell you about the time I was on the national rowing team," while Steve Lefkowitz would just smile and nod, presumably thinking to himself, "I put the *stud* in time study."

With 80% of the project team named Steve or Rich, it was clear that the group was in dire need of some name diversification, and an engineer named Fareedah Mahdi would do the trick. Then suddenly, and without warning, consultants began multiplying like gremlins at a high school swimming pool. Fortunately, the newest members, **Alfredo "I'm for Real" Lozano** - and **Laura "Queen of Coaches" Giles** have proven invaluable to the success of the team.

The first area to kick off, Packing, exceeded all expectations with a 15% productivity increase in week one. Picking, which kicked off next, surpassed this achievement with an overall improvement of over 20% the first week, with some associates improving by more than 50%. But while the details of our progress are many, let no one think the team is all work and no play. In its short time here, the band of merry consultants have made a name for themselves among the high society of Norfolk. Besides a ski trip with a cameo by **Marianna "La Sagna" Vecchia**, the team has enjoyed Rock-and-Bowl, the local bars, and pilgrimages to Captain George's Seafood Restaurant, which boasts the world's largest pair of leaded stain glass domes.

The project team expects to continue through September. They look forward to capping long challenging hours at the facility with relaxing trips to nearby Virginia Beach. Look forward to further installments including tales of encounters with the Loch Ness Monster, deep sea fishing, and Hunter the wonder dog.



INSIDE THE INTRANET

(THE NEW STRAITS TIMES COMPUTIMES, 02/19/2001, 2*25 COPYRIGHT 2001)

-- NICOLE DiSTASIO --

The following excerpt shares tips on how to use Internet search engines. These same basic principles apply for conducting searches on KSA's Intranet. Happy hunting!

Finding relevant information online is a matter of practice coupled with language skills and determination. Therefore, finding what you want can be a problem, especially if you are looking for resources in English and they are in a language that is not your mother tongue. In this article, we'll look at how to make the most out of your search, as well as the keywords needed for some popular searches.

The first step in searching is knowing how to use the Boolean logic. Every search engine works on similar (but not identical) principles. In general, it works as follows:

- ✎ Put in one or more descriptive keywords - pages returned will contain one or more keywords on your list
- ✎ Put in two or more keywords in between inverted commas (*KSA's Intranet uses double quotation marks*) to turn it into a phrase - pages returned will include the exact phrase you specified
- ✎ Typing a + sign in front of two or more keywords or phrase means this particular phrase or keyword must be present
- ✎ Typing a - sign in front of a keyword or phrase means that any pages with this particular phrase or keyword must be rejected

Sometimes (*as is the case with KSA's Intranet*) the + sign is replaced with the word AND, and the - sign with the word AND NOT. Other more complex searches are also possible.

Read the Yahoo help pages at <http://help.yahoo.com/> for an explanation with examples. Or for an excellent explanation of more Boolean logic, check out the AltaVista Advanced Search Tutorial at http://doc.altavista.com/adv_search/ast_toc.html.



INDUSTRY INSIGHTS

STAGING/STORING: UP, DOWN, AND ALL AROUND

(MODERN MATERIALS HANDLING 02/01/2001 BY TOM FEARE, SENIOR EDITOR)

-- NICOLE DiSTASIO --

Add horizontal carousels and vertical lift modules to automated storage and retrieval systems for powered handling of unit loads.

When it comes to staging and storing pallets or other unit loads in powered equipment and then very selectively retrieving them, the automated storage and retrieval system rules. AS/RS has done so for some time with good reason.

Benefits include improved control over materials, reduced levels of inventory, greater utilization of available floor space, less repetitive or unnecessary handling of staged/stored loads, and more efficient use of labor. An AS/RS performs well, for example, under what are very harsh conditions for manned operations, as Kevin Thuet, Director, Advanced Applications, Eskay, observes. Food storage applications of the automated technology at temperatures as low as -60° F illustrate how "we can take people out of having to work in this cold environment," Thuet adds.

An AS/RS also "definitely increases inventory control and minimizes handling," says Thuet. With this equipment, an end user can automatically sort pallets for sequentially loading them aboard an over-the-road trailer so there's less handling required at the unloading destinations.

Vertical space utilization is another key AS/RS benefit. Thuet states, "We can go up to 120 feet high with an AS/RS." Wide systems with double-deep staging of unit loads further increase storage density compared to very-narrow-aisle or narrow-aisle rack systems with single-deep storage and manned industrial trucks for picking and putaway.

One recent trend, says Mike Perry, AS/RS Product Manager, Rapistan Systems, involves using these systems as "fully automatic pick modules." Distribution centers are replacing conventional pick modules with AS/RS for picking.

"In this concept," Perry explains, "pallet pick faces are on multiple levels, and the S/R machines replenish the pick faces automatically as pallets are depleted. Reserve pallet storage is strategically located near to the pick faces to optimize throughput."

Among the gains from applying this concept are reductions in personnel and manual equipment needed to move pallets, Perry says. With system heights up to 100 ft, less building square footage is required too. There's also flexibility to easily reconfigure pick face designations to accommodate slow moving and seasonal SKUs.

AS/RS technology also has improved, Perry maintains. Communication is by optical modems now and S/R cranes move by digital drives. "On-board PLCs and proprietary microprocessors have given way to off-board personal computers capable of controlling the movements of multiple S/R machines," he says.

There are other equipment options, however. Several U.S. materials handling suppliers—including one with a long history in AS/RS and another with extensive experience with carousel technology—now stand ready to offer end users powered equipment alternatives for storing and staging unit loads. In the right applications, these different approaches to load handling are expected to yield significant benefits.

To learn more about some of the alternatives to AS/RS, click on <http://www.manufacturing.net/magazine/mmh/>, or contact Nicole DiStasio to receive a copy of this article in its entirety.

NEWS NOTES AND NONSENSE

GAS FOOD NEXT EXIT

REDHERRING.COM, "CATCH OF THE DAY" BY: RAFE NEEDLEMAN

-- NOAM PARANSKY --

Jason Stancil is a Texas oilman, like his father was before him. But although his startup, Fuel Links, helps consumers get gasoline, his business "is not about selling gas," he says. "It's about groceries."

Here's the setup: thousands of megastores -- like Wal*Marts -- sell gasoline. The pumps are there to make shopping more convenient; they don't make big profits by themselves.

The gas pumps work on different point-of-sale systems from the retail stores. Fuel Links ties the systems together and allows stores to give consumers per-gallon discounts when they buy particular products: a box of Cheerios might save a buyer 3 cents a gallon (up to a set number of gallons). Customers see their savings adding up at checkout. Later, at the pump, their gas price goes down when they enter a code printed on their receipt.

Who pays? The food product manufacturer's pony up for the gas discount, just as they do for ordinary coupon discounts; store managers can also create programs. Apparently this system has dramatic effects on sell-through, and it makes the attached gas station an incredibly effective investment for a big superstore.



Quote of the week...

Be courteous to all, but intimate with few, and let those few be well tried before you give them your confidence. True friendship is a plant of slow grow, and must undergo and withstand the shocks of adversity before it is entitled to the appellation."

-- George Washington --



DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

CONSULTANT SPOTLIGHT FRIDAY BY 12:00 PM (ET), PROJECT POSTCARDS TUESDAY BY 12:00 PM (ET)
DIRECTOR'S CORNER, AND NEWS, NOTES, & NONSENSE WEDNESDAY BY 12:00 PM (ET)



THE HOTSHEET

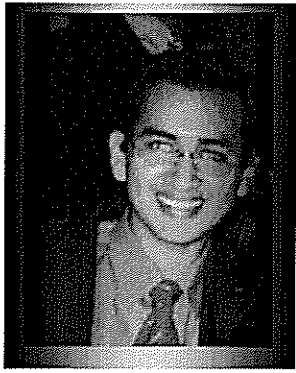
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A WEEKLY FULFILLMENT PUBLICATION ♡ FEB. 15, 2001, VOL. 10, NO. 6

CONSULTANT SPOTLIGHT

-- JESUS CALDERA --



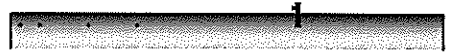
Born in Xalapa, Veracruz, Mexico, Jesus attended Monterrey Tech earning a degree in Mechanical Engineering and a MBA at University of Texas at Brownsville.

Prior to joining KSA, he worked for an electronic manufacturing company. He is fluent in English but his native tongue is Spanish.

He enjoys spending his free time with his wife Silvia and son Alan, watching TV and going to movies. During weekends they often drive to Matamoros, Mexico or Monterrey, Mexico to visit their families.

Currently, Jesus is working in Reynosa, Mexico with VFI. Jesus is assigned to KSA's Monterrey office.

His favorite quote is "When you see a light follow it, if something goes wrong you will find another path, but if you do not follow it you can lose your life's opportunity."



DIRECTOR'S CORNER

FEDERATED DEPARTMENT STORES

-- STEVE RIEPENHOFF --

In 1995 KSA undertook a Logistics Strategy Study for Federated's Small Ticket Business (everything but furniture and bedding). The results of that study enabled Federated to take \$135,000,000 of annual expense out of their logistics supply chain. It was achieved through a combination of installing floor-ready merchandise, (which reduced labor) and rationalizing their network by closing more than half of their DCs.

Based on that success, Federated decided that they would like to try to achieve the same results with their Big Ticket Supply Chain. While their Big Ticket Supply Chain has far less volume than Small Ticket, the expenses, as a percent of sales is much higher.

In September of 2000, Federated initiated a furniture supply chain project to identify opportunities that will allow significant growth without a sizeable increase in their current infrastructure. The goals of the initiative were to grow the furniture business, reduce inventory and operating costs, improve quality, and enhance customer satisfaction.

The Supply Chain Team, consisting of KSA and Federated members, visited key furniture manufacturers that included Lexington Home Brands, Pennsylvania House, Shermag, Jonathan Lewis International, McCreary Modern, and Bauhaus. All of the furniture manufacturers expressed a strong interest and communicated their ability to partner with Federated on a number of supply chain issues.

The next step was to hold a brainstorming session that consisted of individuals from Federated Department Stores including Logistics, Merchants, Stores, Systems, Traffic and Accounts Payable, along with several KSA senior representatives and several Federated furniture vendors.

The results of that brainstorming session, along with the vendor visits, identified several opportunities for improving the overall supply chain. The next phase will be the planning and implementation of these identified improvements. They include Collaborative Product Development, Inventory Planning, Cross-Docking, Customer Satisfaction, Technology Guidelines, and B2B.

We will begin by identifying the partners for all of the above opportunities, and developing plans for pilot programs. It will also consist of initiating and testing these programs with selected partners and finalizing an implementation plan for a full-scale roll out.

Federated and KSA are extremely excited about the potential opportunities and are looking forward to completing another successful project for Federated Department Stores.

Project Team Members: Raj Kumar, Todd Mitchell, Jeff Butler, Steve Riepenhoff, Todd Soller, Tony DeMaria, Randy Moore, Jerry Armfield, Jeff Boudreau, Kathryn Cullen, Tony Lee.



PROJECT POSTCARDS

POST CARDS FROM THE EDGE ... OF THE MISSISSIPPI THAT IS (PART I OF II)

-- BRAD SAMPSON (WITH CONTRIBUTIONS FROM THE NIKE TEAM) --

From the home of the blues and the birthplace of Rock n' Roll comes a tale so tall that it rivals seeing the mighty B.B. King walking ten feet off of Beale. We thought that part one of this two-part postcard would be a good opportunity to tell the juicy tales of the Nike Base Plus® Project Team.

It all started when three consultants were joined at the thumb with the most powerful tool they'd ever need . . . a clipboard and a stopwatch. This seems like a simple tool but it was too much for one New Jersey consultant. The official reason for Jason's departure was listed as swollen thumb syndrome but rumor has it that he couldn't handle being rejected by another Memphis woman again. Luckily we hear that he is happy and doing well in Beantown. However, he seems to keep flying up a certain individual from the Mid-South every so often, hmm how interesting.

Speaking of Memphis area women, our illustrious team lead, Brad Sampson, has amassed himself quite a little collection. Unfortunately for him, they all turned out to be closet stalkers. Brad decided to move his search outside of Memphis and go back home to Tampa to find his Valentine. There he found inspiration in a Van Halen video and decided to go Hot for Teacher. Brad also has been well known here at Nike for many years. He's even been given credit for bad decisions that were made back in 1998 while he was still attending the top University in Georgia (which one is that again?). He has learned to respond to many different greetings here including "Hey, WAMM, Hey, Superman", and the project team favorite "How". Of course Brad's favorite greetings are always from Hair-ratio Purefoy which are usually followed by "Would you like a Coke with that #1 meal deal?" crackling through a drive-thru speaker.

This brings us to the one and only female member of the project team, Joni Burke. What stories could we share of such a sweet and innocent blonde hair, blue eyed girl? The real question is where to start. Let's start with her initial confusion of which movie was filmed in Memphis. Was it *The Firm* or *A Few Good Men*? Joni incorrectly chose the later and felt it was her duty to hunt down every available Navy man in the greater Memphis area. The one she finally caught up to, and you'll understand why, wasn't a short man like Tom Cruise, just a man short of his 50th birthday. Unfortunately, it wasn't just an age barrier Joni had to tackle her in Memphis, the weather was getting to her too. The chilling Easley winds coming directly from the East caused her to have to work every day in a full body hot pink Eskimo suit. Then to top it all off, Hair-ratio Purefoy asked her so many capacity questions it forced her to question the size of her car. She downsized from a two-pallet capacity Jeep Cherokee to a two-carton capacity Honda Civic. Oh, the things an efficiency project can do to one's soul. Please keep Joni in your daily Fulfillment prayers as she races into the unknown future of social security and senior citizen discounts at Denny's.

Let us turn to Mr. Navy, no not Joni's old-timer, we're talking about Ron Barrett. Ron has a Navy anecdote for any and every situation you can dream of. Unfortunately the Shipping department didn't want to listen. After countless hours pleading with the Nike shipping department, change finally came. Time studies were a bear, because Ron had one guy for every trailer, loading about 6 cartons an hour. Ron's hopes were diminishing at a rate that rivaled the very history behind the naming of Hair-ratio Purefoy. However when the dust settled, Ron had ostracized the temps out of the DC, and Shipping has become a smashing success! Would you expect anything less from a Naval Academy graduate on a sugar high? Beat Army!

Then our project team was blessed with the arrival of a new member. Ken Wilson showed up on site with U-Haul in tow and dogs on hand. He misunderstood what he was told about on-site living during his interviews. He thought since he could live in a submarine for the Navy, why not in a distribution center for KSA? Even after renting an apartment, Ken tried to live on-site by working double shifts in order to turn in 400 productive time study minutes a day. Finally, Hair-ratio Purefoy calmed Ken down with a "So what you're trying to tell me is you thought you would actually live here, at the DC. Now Susie, I mean Ken, I know there's a mini-fridge, but let's think about this: Peanut M&M's and a Coke are more of a Ron Barrett diet than a balanced diet." Ken was puzzled and thought to himself, "I'm only trying to emulate Hair-ratio Purefoy. The only complete meal I've seen him eat was at The Down South when Mr. Crupie came to town. Now that I think about it Mr. Crupie was here right as the back to school sale was going on at the Nike store, coincidence? I best not think about that one." Well, after the Hair-ratio Purefoy pep talk, Ken settled down to help make some big improvements in the single carton storage department. Ken has now decided that his dogs, Koko and Kasper (leftovers from his "on-site" fiasco) might just be the best material handlers Nike has ever seen. Department T might want to check Ken's BI's for extra miscellaneous billable hours in the category labeled K9 (sorry, Hair-ratio Purefoy's humor has rubbed off on us).

Well we can't end part one of this two-part tale without mentioning our two newest members of the team. Yujin Cummings was lucky enough to not only join our team but quickly depart it as well. We're not positive but we think we made a lasting impression on him while he was here. We've never seen someone so excited to be relocated to New Jersey before, maybe it was the Blues Clues. Nathan Burkland now he's another story. Nay-nay has decided to take his work ethic from the gym to the employees on the floor. He has spent his five weeks, and counting, trying to get the employees on the floor to actually work an entire 8 hours. Shouts of "come on, you can do it, pump it up" can be heard where ever Nay-nay is working. To top it all off, though heavily advised against it, he finds it necessary to follow the employees, male only, into the restroom to make sure they were taking care of business at a motivated pace. We can only speculate what he was like back in the Army or even at home in Montana for that matter.

Thus this ends part one of our two-part tale. Thank you for taking the time out of your busy schedule to read about the lives of your fellow Fulfillment brethren. Until next time we'll leave you with an immortal phrase from Chuck Easley that never ends your day . . . "I've got three things."



INDUSTRY INSIGHTS

(PURCHASING, 09/21/2000, BY: BRIAN MILLIGAN)

-- NICOLE DiSTASIO --

Transportation still falls through the supply chain cracks

Manufacturers are turning to the Internet, making more spot buys and smaller shipment orders, and still somehow letting transportation fall through the cracks of supply chain management. That's the feedback from some purchasing managers and analysts. They say companies are still paying close attention to transportation when it's too late, or when costs suddenly rise. And they're calling for purchasing's input to help turn this around and make transportation a more visible part of the supply chain. Some say things have got to change. "First of all, there has got to be a better overall awareness for purchasing managers," says Vincent Hrenak, vice president of material and procurement for the Georgia-based Gulfstream Aerospace. "All material managers that handle freight need to be given a heavier weighting and criteria when it comes to selection of suppliers." They need choice of freight carrier and mode. "It could be a great improvement on the cost aspect," Hrenak says. That's the consensus all too often today as purchasing managers consider what they are up against. Many say their companies are increasingly tuning into the tools that are making supply chain leaps achievable. But in some cases, they are forgetting the basics. They are, for example, not taking transportation seriously enough. "Does enough thought go into transportation? Probably not," says Ronald Blizzard, materials administrator for the Massachusetts-based Guilford Rail System.

Human nature

Some say it's not so surprising that transportation is sliding down the totem pole when it comes to supply chain planning. Richard Armstrong, president of Armstrong & Associates, chalks part of this up to human nature. "Transportation tends to be mundane," says Armstrong. "It's not very thrilling and is not a major budget item in most companies. So it doesn't get the respect it should get." But respect it or not, transportation is vital, Armstrong says. And he maintains that transportation is still often treated as being secondary.

Contact Nicole DiStasio to see this article in its entirety.



MARKETING CORNER

AL SAMBAR --

Welcome to the first Fulfillment marketing team update! KSA has formed a marketing team for the Fulfillment group. We will be periodically updating you of our activities through the HotSheet. By way of introduction, here are the answers to all of your questions... or at least the why, how, and who.

WHY

- ✦ To create more sales opportunities and extend KSA brand awareness.

HOW

Over the next year you'll see the fulfillment marketing team:

- ✦ Develop or update marketing materials covering each of our service offerings
- ✦ These include Pre-Proposal Material's (PPM's) and Case Studies
- ✦ Make these materials accessible to all via the intranet and internet (where appropriate) with printed copies available to each office
- ✦ Coordinate marketing campaigns for our major service offerings
- ✦ Increase KSA participation at shows, events, and in periodicals
- ✦ Expand the use of networking at KSA to bring brand and service awareness to potential new customers

WHO

The team includes a point person for each service offering. You can look to them when you need marketing assistance. You should also expect to hear from them as they begin to pull together marketing material over the next few months:

- | | |
|----------------------|-------------------------------------------------------------|
| ✦ Jeff Boudreau | Our fearless leader |
| ✦ Dan Stonacker | Facility Design |
| ✦ Randy Unger | Base Plus® |
| ✦ Al Sambar | Fulfillment Technology |
| ✦ Marcos Corminas | Manufacturing |
| ✦ Cameron Geiger | Facilities Implementation & Start-up |
| ✦ Katherine Lackovic | Helping to make our presentations & literature professional |
| ✦ Leigh Westholm | Helping to make our presentations & literature professional |
| ✦ Beth Souther | Helping to make our presentations & literature professional |

NEWS NOTES AND NONSENSE

FLASH NEWS

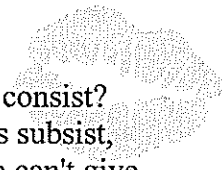
-- SERGIO CRUZ --

The joys of International consulting... Jose Luis Gomez and Sergio Cruz were in El Salvador this week just in time for the second major earthquake in a month. This one had a magnitude of 6.6, but the epicenter was just 15 miles south of the city.

They had the surprise right after breakfast, while Jose Luis was brushing his teeth and left the building still holding a towel in his hands. After a morning client meeting (were they felt an aftershock), they went on to the airport only to find out that all International carriers had cancelled their flights. The return option was San Salvador – Kennedy – Guardia - Miami, for a very late arrival Tuesday night.

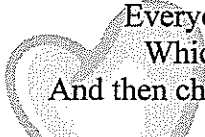
The good news: They are going back in two weeks.

Quotes on Love...



Of what does a true kiss consist?
Ambrosia, on which gods subsist,
Tremendous heat which sun can't give,
God's heaven in one moment lived...

From "Composition of a Kiss" by Abelardo Subido



Everyone should carefully observe
Which way his heart draws him
And then choose that way with all his strength
Hasidic saying

A man may be said to love most truly that woman
In whose company he can feel drowsy in comfort.
Unknown

Of all forms of caution, caution in love is perhaps the most fatal to true happiness.
Bertrand Russel



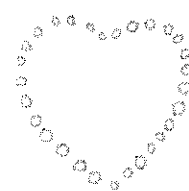
I date this girl for two years and then the nagging starts...
"I wanna know your name..."
Unknown Author

Marriage is a wonderful institution,
But who wants to be institutionalized?
Groucho Marx



Once you've felt love, you'll know its love because you don't want to let it go.
Jean Zheng

Somewhere, there is someone, who dreams of your smile,
And finds in your presence that life is worthwhile
So when you are lonely, remember it's true,
That somebody, somewhere, is thinking of you.
Jared Miranda



The courses of true love never did run smooth
William Shakespeare



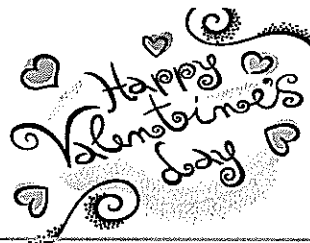
Love looks not with the eyes,
But with the mind;
And therefore is wing'd Cupid painted blind
William Shakespeare

Falling in love is when she falls asleep in your arms and wakes up in your dreams.
Unknown

DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

CONSULTANT SPOTLIGHT FRIDAY BY 12:00 PM (ET), PROJECT POSTCARDS TUESDAY BY 12:00 PM (ET)
DIRECTOR'S CORNER, AND NEWS, NOTES, & NONSENSE WEDNESDAY BY 12:00 PM (ET)

THE HOTSHEET



PUBLISHER: MEGAN L. ANDRESE
EDITOR: IRMA M. ROSALE
CONTRIBUTING PUBLISHERS:
NICOLE DISTASIO, ANNE SCOL
PUBLISHED BY: KSA MIAMI

A WEEKLY FULFILLMENT PUBLICATION ♡ FEB. 8, 2001, VOL. 10, NO. 5

CONSULTANT SPOTLIGHT

-- ERIC WATTERSON --

Born in Philadelphia, Pennsylvania, Eric attended Virginia Tech. In his free time he enjoys playing polo, horseback riding, skiing, working out at the gym, and reading.

His favorite vacation was spent in the Bahamas. Eric's biggest regret was not taking more time off to travel and explore Europe between graduation and KSA... "Perhaps a little time in the KSA Dusseldorf office down the road wouldn't hurt though!"

Eric enjoys most kinds of music; currently one of his favorite bands is Creed. His favorite restaurant is in Blacksburg, Virginia at Mountain View Italian Kitchen... incredible Italian food for really great prices.

Eric joins KSA eager to explore the industry and learn, as well as, travel as much as possible. He's definitely got the right job for that! It's a great time to experience new cities, states, cultures, countries, etc.

Eric is a member of the KSA Los Angeles office.

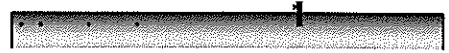
DIRECTOR'S CORNER

-- RANDY MOORE --

Frequently I'm asked by staff consultants, 'How can I get involved in sales calls?' This is an interesting question and one in which the answer keeps changing as the nature of our clients and industries evolve.

The days when clients call us on the phone and ask us to make a sales visit for a project are becoming less and less common. With the consolidation of our industries occurring every day, more and more of our work is being done with fewer clients. These clients are basing their selection of consulting firms more on the relationships they have with that firm. The projects we do for clients are larger and more important, so we're on-site more and learning more about their business. All of this leads to more sales being made due to our relationships, and less resulting from making a 'sales call'.

So, if you want to get involved in sales, turn first to your existing clients. Try to understand their business better, learn what the CEO believes are the company's top issues, and talk to your contacts. Be bold, and let them know that KSA has in-depth knowledge and experience in those topics and would like to talk to them further. The more people we know at the client and the more KSA'ers they know, the more likely they'll use KSA!



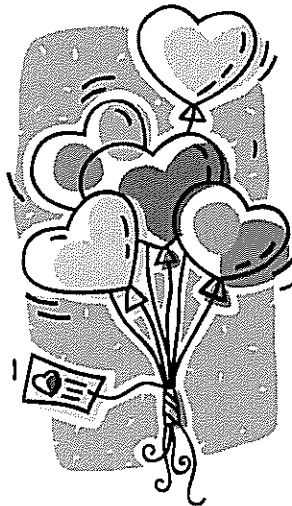
PROJECT POSTCARDS

SA ASSISTS EL SALVADOR IN DEVELOPING METHODOLOGY TO ATTRACT FOREIGN INVESTMENT -- JOSE LUIS GOMEZ --

The government of El Salvador, through PRO.ESA, has retained KSA to assist in identifying companies interested in developing industrial capacity in the country. PRO.ESA is the government commission responsible for investment promotion; it is chaired by the Vice President of El Salvador. The board of directors includes the Minister of Foreign Affairs, and the Minister of the Economy, a KSA alumnus (Miguel Lacayo).

We will develop a methodology to identify, evaluate and contact companies in apparel, textile and related services. In a second phase, we will develop a country cost comparison study to identify the competitive position of El Salvador as a beneficiary of the Caribbean Basin Initiative.

The project team includes Sergio Cruz, Jose Luis Gomez, and Alberto Pensado.



INDUSTRY INSIGHTS

(FROM THE WALL STREET JOURNAL, 02/01/2001)
-- NICOLE DiSTASIO --

FedEx, UPS Join Forces to Stave off Foreign Push into U.S. Delivery Market

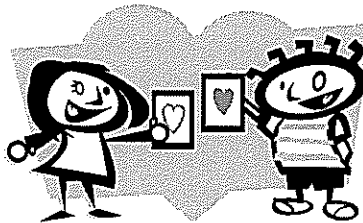
FedEx Corp. and United Parcel Service Inc., usually each other's most hated rival, have found something they're willing to bury the hatchet over: the German post office.

Convinced that Deutsche Post AG is gearing up for a North American invasion, the two U.S. delivery giants are joining forces in hopes of proving that a delivery blitz would be bad for America.

In the past two weeks, UPS and FedEx have filed protests with the U.S. Department of Transportation, claiming that Deutsche Post is trying to circumvent federal laws and that it will attempt to subsidize an expansion in the U.S. with profits from its mail monopoly in Germany.

America has become the newest -- and potentially the nastiest -- battleground in the continuing transformation of the world's major postal agencies. Across Europe, once-sleepy postal operations are becoming aggressive private-sector competitors, spending heavily to move into the backyard of UPS and FedEx. American parcel-delivery trucks have rumbled across the cobbled streets of Europe for more than two decades. Now, European carriers say they want to find out if transparent borders work in both directions.

Click on <http://interactive.wsj.com/articles/SB980984385857204609.html>, or contact Nicole DiStasio to see this article in its entirety.



PRODUCT SNAPSHOT

NICOLE DiSTASIO --

Transportation/Logistics Division to Provide Comprehensive Solution for Automating Real-Time Tracking of Deliveries

The Transportation and Logistics division of Aether Systems, Inc., a leading provider of wireless data products and services has released a new application, e-Mobile Delivery 3.2, a wireless proof-of-delivery platform. The new platform is designed to provide enterprise customers with a complete architecture for developing and administering delivery and supply chain management applications that allow wireless transfer of data among their private fleets.

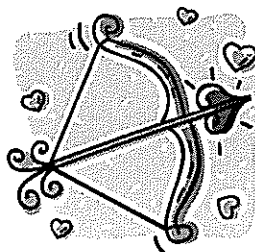
The e-Mobile Delivery 3.2 platform enables companies with private delivery fleets to effectively integrate electronic signature capture for real-time proof-of-delivery automation, wireless transmission of delivery information, and Global Positioning System (GPS) vehicle-tracking capabilities into their existing enterprise systems. The platform also provides real-time visibility into the delivery cycle through a web-interface that allows enterprises and their customers to track the status of their deliveries.

The e-Mobile Delivery system is flexible enough to support enterprises seeking a comprehensive wireless capability hosted on Aether's Network Operations Center or those requiring only a turnkey mobile solution hosted on their own network.

Features offered by the e-Mobile Delivery platform include:

- ✦ Wireless transmission of delivery information
- ✦ Customer signature capture
- ✦ GPS vehicle-tracking capabilities
- ✦ Web tracking of delivery information
- ✦ Ability to group customer invoices for a single signature
- ✦ Ability to transfer invoice and package information between drivers
- ✦ Ability to assign internal tracking number to received goods while in the field
- ✦ Driver notes
- ✦ Ability to download delivery information by route and/or invoice identifier
- ✦ Real-time availability of en-route delivery status
- ✦ Driver messaging
- ✦ Scanned package delivery off of the truck
- ✦ Dynamic workflow configurations for a variety of business processes on the mobile device

For more information on Aether Systems or e-Mobile Delivery 3.2, please visit www.aethersystems.com.



NEWS NOTES AND NONSENSE

REAL WORLD - VIRGINIA
-- MARIANNA LA VECCIA & ALFREDO LOZANO --

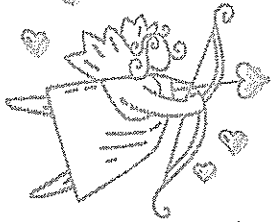
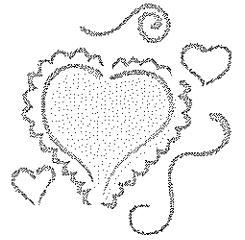
Here is the story of six strangers (ok, so we all pretty much knew each other)... picked to live in a house (well, it was more like a chalet)... and have their lives taped (no video, just some pictures). It was a rainy January night when two KSA teams made their way to Wintergreen Resort in the mountains of Virginia. The Newport News team: Aaron Todd, Steve Lefkowitz, Alfredo Lozano, Steve Osburn and wife Teresa, brought along half of the on-site QVC team: Marianna La Vecchia. We arrived at the Wintergreen Resort in a fog that was as thick as pea soup. It was like any other first episode of MTV's Real World where we fought over the prime bedrooms and appropriate sleeping arrangements. After dinner and an evening of games we all tried to rest up for a full weekend on the slopes (watching "The Goonies" helped Alfredo go to sleep).

The experienced skiers, Aaron, Steve L. and Alfredo, were up at the crack of dawn to hit the slopes. The newbies decided to sleep in a bit. The experienced group was kind enough to leave a surprise of a kitchen full of soapsuds. That's right - the MIT grad had used the wrong dishwashing detergent in the dishwasher. At least we now had a super clean kitchen floor! Steve O., Teresa, and Marianna headed to the slopes for their beginner lessons. The fog was still thick. They learned how to make pizza wedges with their skis to slow down and learned how to turn. Then it was time to hit the slopes for real. Teresa and Steve picked up the sport with ease. Marianna, on the other hand, did well in class but spent most the time outside of class sliding down the mountain on her behind screaming "Tereeeeeesaaaaaa!" the whole way.

We all had a lot of fun. All of us fell at least two or three times but others fell about 1,000 times. The most spectacular fall was Steve Osborn's 100-yard one. When he finally stopped, all of his equipment was off and was distributed in a 70-yard area perimeter. Sunday was a new day. We had a clear sky and fresh snow on the ground. We all headed out early into two different directions. We met up after a few hours on the bunny slopes and black diamond to have lunch and recap the impressive falls we had achieved so far. Then it was time for the newbies to spread their wings and fly. The whole team banded together for fun on some of the harder slopes. Some faced fears while others took photos of the fallen and the successful. "We came, We fell, We conquered". It is great that coworkers from the Fulfillment group of different offices have the opportunity to get together and share professional experiences, as well as personal ones.



Quotes on Love...



"You complete me...and I just--"
"Shut up. Just shut up. You had me at hello...you had me at hello..."
 -- **Movie: Jerry McGuire** --
Submitted by Cameron Geiger

"You make me want to be a better man."
 -- **Movie: As Good As it Gets** --
Submitted by Cameron Geiger

"I just want a boyfriend who's not crazy!"
"We all want that dear, but it doesn't exist!"
 -- **Movie: As Good As it Gets** --

*"You cannot find true love
 Where it does not truly exist
 And you cannot hide it where it truly does"*
 -- **Movie: Kissing a fool** --

*"I was born when you kissed me.
 I died when you left.
 I lived a few weeks while you loved me."*
 -- **Movie: In a Lonely Place** --

*"There are only four questions of value in life:
 What is sacred?
 Of what is the spirit made?
 What is worth living for?
 What is worth dying for?
 The answer to each is the same - only love"*
 --**Movie: Don Juan Demarco** --

*"Unless it's mad, passionate,
 Extraordinary love,
 It's a waste of your time.
 There are too many mediocre things in life
 Love shouldn't be one of them."*
Movie: Dream for an Insomniac



*"Trust, responsibility, taking the weight for your choices and feelings and spending the rest
 of your life living up to them...and above all, not hurting the object of your love."
 "So this is love according to William Perish?"
 "Multiply it by infinity and take it to the depths of forever and you'll still have barely a
 glimpse of what I am talking about."
 -- **Movie: Meet Joe Black** --*



"Here's looking at you kid."
 -- **Movie: Casablanca** --

"Frankly my dear, I don't give a damn."
 -- **Movie: Gone With the Wind** --



"The only wrong thing would be to deny what your heart truly feels"
 -- **Movie: The Mask of Zorro** --

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THE HOTSHEET

PUBLISHER: MEGAN L. ANDRESEN
EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION FEB. 1, 2001, VOL. 10, NO. 4

CONSULTANT SPOTLIGHT

-- ANDREA ETWAROO --



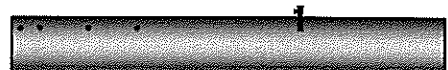
Born in Washington, D.C., Andrea now lives in Miami, Florida. She attended Johns Hopkins University earning a BSME and a MSIE at Georgia Tech.

In her free time Andrea loves to travel and do volunteer work for her sorority Alpha Phi (which happens to be one of the largest ones!) She enjoys cooking and of course, going to the beach.

Andrea's favorite vacation was with a group of 350 people in Puerto Rico, where she was able to get some serious beach time!

At home her favorite restaurant is News Cafe on South Beach ... "decent food, good people watching (location, location, location)."

Andrea is a member of KSA's Miami office.



DIRECTOR'S CORNER
TORRE CRUPIE --

A note on our services...

The best approach we can take towards evolving and improving our service offering is to:

- ✦ Continually identify the most difficult challenges our clients face and master the development and delivery of services that can tame them
- ✦ Maintain the expertise and capacity to address our clients' challenges under many *differing* business conditions -- such as rapid growth, changes in business channels, stagnant sales, changes in sourcing patterns, or demands to reduce costs

We have been able to capitalize on many opportunities by performing both of these successfully.

As 2001 starts off, we are seeing a shift in the needs that many companies in our target industries are moving to the top of their list. With the turbulence in e-commerce retailing, the constant trend of increasing fulfillment capacity over the past few years, and the softening of the U.S. economy, there is a renewed demand for our clients to improve existing operations and reduce costs.

Over the past few months, this has meant a reduction in the number of facility design and startup projects on the horizon, and an increase in the number of performance improvement project opportunities. Calls for systems assignments and strategic projects continue, but often with a focus on refinement rather than expansion.

As we develop and build our individual and collective skills in delivering a variety of project types, we prepare for the future.



INDUSTRY HIGHLIGHTS

(FROM MODERN MATERIALS HANDLING ONLINE, JANUARY 2001)

-- NICOLE DiSTASIO --

TOP FIVE WAREHOUSING TRENDS FOR 2001

By planning ahead, you can develop strategies to accommodate upcoming warehousing trends in your own operations. *The Distribution Center Management* newsletter, a publication of *The Distribution Group*, asked six warehousing/logistics experts to identify the top trends for 2001 and offer some advice on how to take advantage of them in your operation. Following are the top five trends:

1. **Continuing labor shortages.** James L. Allen, president, Midwest Distribution Systems, Milwaukee, WI, encourages managers to provide more basic skills training to workers. Ed Frazelle, head of Logistics Resources International, Atlanta, GA, believes that managers can save money and reduce turnover by identifying the top 30% of their personnel and raising their wages by 30%.
2. **Increased materials handling automation.** Bob Murray, president of REM Associates, Princeton, NJ, says most DCs are slow to replace people with technology. Consultant Patti Satterfield, manager, business alliance strategy of Sedlak Management Consultants, Richfield, OH, predicts that two-dimensional bar codes, radio frequency responder tags, and speech recognition will emerge in order selection in the coming year.
3. **Growth in e-fulfillment.** Arthur St. Onge, president of St. Onge Company in York, PA, says the challenge is to quickly and accurately select and deliver individual articles to pack stations where workers will box them for shipping. Arnold Maltz, associate professor of Supply Chain Management, Arizona State University, Tempe, AZ, says robotic technology will be limited until it becomes more flexible.
4. **Greater integration of systems.** According to Bob Murray (REM), third-party warehouses will have to install high-grade modem and cable connections to keep data flowing continuously.
5. **Greater diversification of warehouse services.** Some tasks that might be performed at warehouses are painting, bar coding, labeling, and packaging of goods, says Arnold Maltz (Arizona State University).

PRODUCT SNAPSHOT

-- NICOLE DiSTASIO --

Over & Under Scale

The Model 4100XL stainless steel scale is available in capacities from 5 to 200 lbs. and base sizes from 10" x 10" to 15" x 15". The scale's 1000% overload protection, with "Quad Spring" design, results in less production downtime. The folded edges and welded seams eliminate the areas where debris can become entrapped. Ease of use is provided by the single stainless steel covered zero button and the color-coded checkweigh status lights. A watertight Lexan window shields these checkweigh indicators as well as the bright red LED display. The scale combines simplicity with advanced technology to assure quick and accurate weighing results.

See this scale and get more info at the following website:

<http://www.mhpn.com/scripts/ShowPR.asp?PUBCODE=0A0&ACCT=0001024&ISSUE=0101&RELTYPE=PR&PRODCODE=1560&PRODLETT=A>

NEWS NOTES AND NONSENSE

CULTURAL WEALTH

-- ROBERTO TREVIÑO --

Before joining KSA, I traveled through Europe for about two months and lived in Canada for about a year. What I enjoyed most was the exposure to other people and their cultures.

One of the best things about being at KSA is the cultural diversity. Thanks to Fulfillment's recent policy on settling, I was able to select the Miami office. Why would I settle anywhere else? The mixture of people and cultures in this city is quite impressive. You do not have to go that far to see the cultural diversity that I am referring to. Just take a look at the Miami office: there are people from Colombia, Cuba, Ecuador, Honduras, Spain, US, and of course Mexico. Looking at the picture below, can you figure out where everyone is from?

Although some of us are alike (besides the singing, dancing, and partying which some people associate us with) we are very different in many ways. For instance, on my last project in Mexico City the project leader was Juan Echeverry (Colombia), the project manager was Gerson Coto (Honduras), the client's plant manager was Ernesto Mena (Guatemala) and finally me (Mexico). Believe it or not, we had some communication problems. They were mostly with technical words that we use in our home countries, but there were times when we'd stare at each other with blank faces and huge question marks over our heads! It was confusing at times but at the end of the day it was always something to laugh about.

Working, living, and sharing part of my life with people from other countries has been a very satisfying experience. Thanks to the differences in all of us (culture, language, skills, hobbies, games, attitudes, etc.) you learn a lot about others but not as much as you learn about yourself. Most importantly, you learn that it doesn't matter what language you speak or how long your beard is (sorry Moof, I had to say something...) we are all part of the same TEAM.



Jose "El gato volador" Ayala, Brad "Who are these people & why am I here?" Anderson, Megan "Whassup" Andresen, Seth "What else can I sing?" Davis, Irma "Diva" Rosales, Sergio "La Bamba" Hernandez, and Roberto "Rico Suave" Treviño

RELOCATOR ROUNDUP

PLEASE CONTACT IRMA M. ROSALES WITH CORRECTIONS

UNITED STATES

ALLEN, PETER
 BAIRD, KEVIN
 BAO, JOHNNY
 BARRETT, RON
 BENTON, JOSH
 BOLTON, RICHARD
 BRUNSON, ANDREA
 BURKE, JONI
 BURKLAND, NATE
 CASCIO, DAVE
 CHANG, IRIS
 CHINNAN, VIKAS
 CHOATE, CASEY
 COPLAND, TIM
 DAVIS, SETH
 DENCKER, SUZANNE
 DENSMORE, JD
 DIETZ, ERICH
 DIGULLA, LORI
 DUQUE, MAX
 EHLERS, BARRY
 EISA, ASHRAF
 FIORE, BARRY
 FONG, TERRANCE
 GARRETT, JIM
 GILES, LAURA
 GRIFFITH, BRAD
 HEAD, DAN
 JOHNSON, ANDY
 KELLOGG, MICHAEL
 KINCAID, MIKE
 LA VECCHIA, MARIANNA
 LEFKOWITZ, STEVE
 LEVY, VAL
 LOZANO, ALFREDO
 MCGRAW, COLLEEN
 MESSINGER, MARK
 MOKOTOFF, BENJAMIN
 MOOSABHOY, MUFADDAL
 MORIN, CRAIG
 NGUYEN, HAN
 OSBURN, STEVE
 PARANSKY, NOAM
 PICKEN, JEFF

MUSEUM COMPANY
 BESTFORM

 NIKE
 SARA LEE
 PETALS
 FEDERATED STORES
 NIKE
 NIKE
 ROSS STORES

 LL BEAN

 ESP
 ROSS STORES

 PVH
 POPULAR CLUB
 WALMART*COM
 DILLARD'S

 WALMART*COM
 ROSS STORES
 LL BEAN
 ANN TAYLOR
 QVC
 STAPLES
 APPLESEED'S
 STAPLES
 TIMBERLAND
 FEDERATED STORES
 QVC
 NEWPORT NEWS
 ANN TAYLOR
 NEWPORT NEWS
 APPLESEED'S
 ROSS STORES
 WALMART*COM
 ROSS STORES
 WALMART*COM
 ROSS STORES
 NEWPORT NEWS
 APPLESEED'S
 COLDWATER CREEK

PRINCETON OFFICE
 JOHNSTOWN, PA
 LOS ANGELES OFFICE
 MEMPHIS, TN
 ATLANTA OFFICE
 PRINCETON OFFICE
 SAN FRANCISCO, CA
 MEMPHIS, TN
 MEMPHIS, TN
 CARLISLE, PA
 ATLANTA OFFICE
 FREEPORT, ME
 LOS ANGELES OFFICE
 HARTFORD, CT
 CARLISLE, PA
 ATLANTA OFFICE
 JONESVILLE, NC
 EDISON, NJ
 PRINCETON OFFICE
 LITTLE ROCK, AR
 LOS ANGELES OFFICE
 CARROLLTON, GA
 CARLISLE, PA
 FREEPORT, ME
 LOUISVILLE, KY
 SUFFOLK, VA
 BOSTON, MA
 BOSTON, MA
 ATLANTA OFFICE
 PRINCETON OFFICE
 LOS ANGELES, CA
 SUFFOLK, VA
 HAMPTON, VA
 LOUISVILLE, KY
 HAMPTON, VA
 BOSTON, MA
 CARLISLE, PA
 ATLANTA OFFICE
 NEWARK, CA
 CARROLLTON, GA
 NEWARK, CA
 HAMPTON, VA
 BOSTON, MA
 SANDPOINT, ID

UNITED STATES - CONTINUED

RAINES, JOE	J CREW	PRINCETON OFFICE
RYAN, SEAN	APPLESEED'S	BOSTON, MA
SAMPSON, BRAD	NIKE	MEMPHIS, TN
SAULS, JEFFREY	ESP	HARTFORD, CT
SOLLER, TODD	FEDERATED STORES	LOS ANGELES, CA
TAYLOR, BRAD	WALMART*COM	ATLANTA OFFICE
THOMAS, MARK	DILLARD'S	LITTLE ROCK, AR
TIMBERLAKE, JUJUAN	FEDERATED	ATLANTA, GA
TODD, AARON	NEWPORT NEWS	HAMPTON, VA
ULICNY, DAN	PUBLIX	TAMPA, FL
VANAGS, SCOTT	THOMAS NELSON, INC.	ATLANTA OFFICE
WATTERSON, ERIC	FEDERATED STORES	LOS ANGELES, CA
WEBSTER, JACK	ROSS STORES	NEWARK, CA
WILSON, KEN	NIKE	MEMPHIS, TN

MEXICO

AYALA, JOSE GERARDO		MONTERREY OFFICE
CALDERA, JESUS	VANITY FAIR INTIMATES	REYNOSA
FELIX, IGNACIO	VANITY FAIR INTIMATES	REYNOSA
LOPEZ, RODRIGO	VANITY FAIR INTIMATES	FRESNILLO
MARTINEZ, ANDRES	UNIFIRST	TAMPICO
RODRIGUEZ, GUSTAVO	VANITY FAIR INTIMATES	REYNOSA
TREVIÑO, ROBERTO	RAMTEX	MEXICO CITY

HONDURAS

HERNANDEZ, SERGIO	VANITY FAIR INTIMATES	SAN PEDRO SULA
JARAMILLO, ALBERTO	VANITY FAIR INTIMATES	SAN PEDRO SULA
OLIVARES, FELIPE	CARACOL KNITS	SAN PEDRO SULA

UNITED KINGDOM

ANDERSON, BRAD	MFI	LONDON, ENGLAND
DAYTON, BRITT		ENGLAND OFFICE
DEATON, ASHLEY		ENGLAND OFFICE

JAPAN

BRUCE, DAN	JUSCO	TOKYO OFFICE
ROGE, BOB	JUSCO	TOKYO OFFICE
SWENSEN, KARL		TOKYO OFFICE

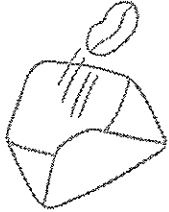
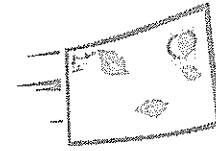
SUPPORT STAFF

ANDRESEN, MEGAN	MIAMI
ANDROS, VANESSA	ATLANTA
CRANKSHAW, LAURIE	CHICAGO
HAMRICK, DEBBIE	ATLANTA
JUDD, SUZANNE	PRINCETON
KOLM, RACHEL	PRINCETON
LANNON, NICOLE	ATLANTA
MCPHAIL, MELISSA	ATLANTA
ROSALES, IRMA M.	MIAMI
SALAZAR, OLIVIA	LOS ANGELES
SCOLA, ANNE	PRINCETON
SENIOR, LYNN	LOS ANGELES

Quotes on Love...

"Love is the discovery of ourselves in others, and the delight in the recognition."

-- Alexander Smith --

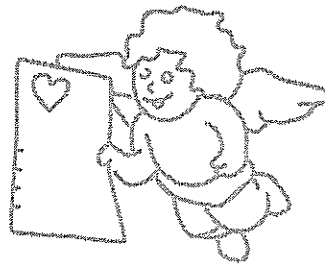


Do you believe in love at first sight or do I need to walk by again?

-- Unknown author --

*You've made me realize
That I've always been missing something
I never even knew I wanted*

-- Movie: Fools Rush In --



*"Absence is to love
What wind is to fire,
It extinguishes the small
It rekindles the great*

-- Roger De Bussy Rabutin --

*The great question that has never been answered,
And which I have not yet been able to answer
Despite my thirty years of research
Into the feminine soul, is:
What does a woman want?*

-- Sigmund Freud --



I think, therefore I am single

-- Unknown Author --



February Celebrations



KSA ANNIVERSARY'S

AL SAMBAR	02-01-1995
ANDREA BRUNSON	02-01-1999
SETH DAVIS	02-02-2000
JON WATSCHKE	02-02-1998
RICH BOLTON	02-07-2000
BARRY EHLERS	01-16-1998
BRITT DAYTON	02-24-1992
STEVE RIEPENHOFF	01-28-1972

BIRTHDAY'S

MEGAN ANDRESEN	02-04
SUZANNE JUDD	02-05
KEN WALKER	02-07
SCOTT SANGREY	02-08
TODD BARR	02-10
MARIANNA LA VECCHIA	02-10
JEFF BOUDREAU	02-14
KARL SWENSEN	02-14
DAN ULICNY	02-15
KEVIN KNIGHT	02-17
JOSH BENTON	02-18
ALBERTO JARAMILLO	02-23
ALFREDO LOZANO	02-24



DEADLINES FOR SUBMISSIONS TO THE HOTSHEET

IF YOUR ANNIVERSARY/BIRTHDAY INFORMATION IS NOT LISTED OR IS INACCURRATE, PLEASE CONTACT IRMA M. ROSALES
 CONSULTANT SPOTLIGHT FRIDAY BY 12:00 PM (ET), PROJECT POSTCARDS MONDAY BY 12:00 PM (ET)
 DIRECTOR'S CORNER, AND NEWS, NOTES, & NONSENSE BY WEDNESDAY BY 12:00 PM (ET)

THE HOTSHEET

PUBLISHER: MEGAN L. ANDRESEN
EDITOR: IRMA M. ROSALES
CONTRIBUTING PUBLISHERS: NICOLE DISTASIO, ANNE SCOLA
PUBLISHED BY: KSA MIAMI



A WEEKLY FULFILLMENT PUBLICATION ☺ JAN 25, 2001, VOL. 10, NO. 3

CONSULTANT SPOTLIGHT

--ALBERTO JARAMILLO--

Alberto was born in Manizales, Colombia. He attended Javeriana University, where he received a degree in Industrial Engineering and graduated in the top ten of his class. He joins KSA with experience earned from his work at Nortel Networks. While at Nortel, he developed an informational system that reduced 80% of the paperwork in invoice control in the contract management department.

His favorite vacation was in 1999 when he embarked on a trip to explore all the points of Florida. It is interesting to note that if Alberto could live anywhere, he would choose Boston, Massachusetts!

When he is not being confused for his twin brother, Alberto enjoys listening to music, especially "Shakira," dancing and of course, partying!

Alberto's favorite quote is: "The most ineffective thing that you can do is the one you don't do!"

DIRECTOR'S CORNER

-- SERGIO CRUZ --

The end of the year prompts each one of us to look back on our accomplishments. We have all been lectured too often to learn from our mistakes, but we should also look back and learn from our successes.

The year 2000 was a year of change for all of us. It was the year of merging the Operations and the Logistics practices to successfully create an effective Fulfillment practice. It was a year to transfer practice management responsibilities and a year to learn from one another.

We created better and more interesting professional opportunities for all consultants in the group. There were many common grounds and synergies and it was nice to discover we had more in common than we had different. Our focus was kept on project work, billing and sales. We found both services complementing each other more than we anticipated, and we are now positioned to offer higher value services to clients.

What a Great Year 2000!

PROJECT POSTCARDS

APPLESEED'S SHORT TERM IMPROVEMENTS PROJECT - BEVERLY, MA -- NOAM PARANSKY-- (WITH CONTRIBUTIONS FROM THE APPLESEED'S TEAM) --

The end of the Appleseed's short-term improvement project has arrived, allowing us to look back on our odyssey and the improvements we have made to the facility. The project, originally planned to be only a strategy and design project led by Project Principal **Chris "the QB" Merritt**, became a large-scale short-term project when **Chris "I'm Ditching You Guys For The Middle East" Davis** and **Ralph "I'm Ring Shopping Today" Wear** visited the Beverly distribution center. What they found was a VERY crowded distribution center, 30% above inventory capacity. In addition, Appleseed's was suffering the effects of a less than successful implementation of Mozart's warehousing module.

Appleseed's was the first large-scale user of (Mozart) Retail Dot Commerce's RF module, even Commercialware (Mozart's authors) didn't really understand how it worked. The first staff consultant to join the project was **Noam "Andale, Andale, Mami Iaa Iaa, Uh-oh - What's Happening Now" Paransky**, who began looking at how Retail Dot Commerce worked. Then **Vikas "Don Juan" Chinnan** and **Amy "Morning Person" Burns** joined the project to look for additional space, examining both OAO (owned and operated) and 3PL space options.

Eventually, Summit Logistics was selected as our third-party provider. At the end of September, **Colleen "The Human Jukebox" McGraw** and **Steven "Beer For Desert" Osburn** joined the project. **Scott "Black Ops" Sangrey** joined the project for two weeks of assistance. In October, **Ben "The Token IT Guy-Part 1" Strupp** joined us to analyze Appleseed's inventory integrity before blowing us off to go to Hawaii with his girlfriend. With the short-term operations project ever expanding, **Sean "Close Quarters" Ryan** joined the Appleseed's team to begin work on the original strategy project, only to be immediately pulled into shoring up the IC Department when Ben left us to go to Hawaii. We never let Sean go. To assist with outbound operations, **Josh "Nightcap" Benton** joined the project. To assist with on-going system improvements and connectivity with the 3PL, **Edwin "Eazy E-The Token IT Guy-Part 2" Lager** joined the project, commuting weekly on the red-eye from Manhattan Beach, CA. We also got a visit from candidate **Dan "Close Quarters Combat" Head** who ended up accepting his offer and joined us the first week of December out of the US Army.

Highlights of the project include: Dan and Colleen learning to snowboard, a night of gourmet poker (care of Vikas), a Sangria spitting contest with guest judges **Bob Smith & Andy Johnson**, bowling for beers, an increased appreciation for Nelly (and gangster rap in general), and a group outing to see Dave Matthews Band where most team members were too young to buy beer in the Fleet Center [thanks for the beers, Dad (Edwin)].

The biggest highlight of the project had to be Noam locking his keys in a maroon Chevy Lumina while it was running (almost an hour from the closest Avis facility) and then the next night Vikas locking the keys in the same car while it was running. The car was rented under Vikas's name and he is no longer allowed to rent from Avis.

FACTS FROM THE PROJECT:

- ✦ 171,800 project related air miles flown
- ✦ 1 Totaled Rental Car
- ✦ 3,000 pounds equivalent of alcohol consumed
- ✦ An increase of average daily shipments from 6,200/day to 12,900/day
- ✦ 400,000 color coded dots utilized
- ✦ 3- Number of times the facility ran out of shrink wrap-causing activity to cease
- ✦ 2 engagements for marriage
- ✦ 1 consultant physically removed from a building (3PL building, not client)
- ✦ An increase in daily receipts from 7,400 units/day to 18,400/day (limited by available material to receive)
- ✦ 12 lead positions created at the Beverly DC
- ✦ Short term plan allowed a 200% increase in storage space
- ✦ 300 AS/400 queries authored
- ✦ \$93 lost in poker to the project principal-“Sure Chris, we’re really this bad at poker.”
- ✦ 4 times in 4 poker nights Noam fell asleep while playing
- ✦ 1 deer killed (by car)
- ✦ 1,718 useless facts learned
- ✦ 155 unrepeated Dan Head Korea-Army stories
- ✦ 4 trips taken abroad by team members during the project

The 161,795 additional shipments our efforts allowed resulted in a \$1.3 Million increase in EBITDA (earnings before interest, taxes, depreciation, and amortization)



INDUSTRY HIGHLIGHTS

(FROM PLANTS SITES AND PARKS MAGAZINE, DECEMBER 2000 /JANUARY 2001)

-- NICOLE DiSTASIO --

SUPPLY AND DISTRIBUTION

Carriers in Transition: The Web, lobbying and economies of scale

Companies whose supply chain or distribution needs require container shipping have a new avenue: one-stop shopping via the Internet.

Ocean carrier APL, for example, reports that 15-plus percent of revenue now comes through its e-commerce suite of products, with close to 200,000 business transactions being processed by way of the Web monthly.

While APL's e-commerce growth was particularly strong through the first half of the year, "our Web development has followed customers rather than being confined to countries where Internet use is high," says Hans Hickler, APL senior vice president-customer support and information strategy.

Such significant results have not been lost on other ocean carriers. At the beginning of November 2000, five other leading container-shipping lines joined forces to provide users with a one-stop-shopping Internet service in what is seen as a major industry breakthrough. The founding members of INTTRA—reportedly not an acronym—are Maersk Sealand, P&O Nedlloyd, Mediterranean Shipping Co., Hamburg Sud and CMA CGM.

Click here to access this article in its entirety: <http://www.bizsites.com/2001/dj2001/supply.distribution.html>.

LINK OF THE WEEK

-- NICOLE DiSTASIO --

Need help in determining what size generator you need or how to convert one unit of electricity to another?

Visit the **Power Calculator** on the Macfarlane Generators' web page at <http://www.macgen.com/calcul.html#genkva>. This calculator will help you convert Kilo Volt Amps to Amperes, Kilo Volt Amps to KiloWatts, KiloWatts to Kilo Volt Amps, KiloWatts to HorsePower and figure out the number of Kilo Volt Amps required to run different sized motors.

NEWS NOTES AND NONSENSE

THE FIVE STEPS OF SELF-DEVELOPMENT

(FROM *DEVELOPMENT FIRST*, BY: DAVID B. PETERSON, PH.D. AND MARY DEE HICKS, PH.D.)

-- PAM BECKERMAN --

Five steps can drive your development and establish a cycle of continuous learning. After completing one cycle start again with Step #1, this will eventually become a natural learning process.

STEP #1: FOCUS

- ✦ Decide where to focus – identify critical issues and development objectives
- ✦ Manage your assets – leverage strengths, focus on gaps between current capabilities and the requirements of your job.
- ✦ Invest in your future - Align organizational strategic goals with personal development goals.
- ✦ Determine your incentives – both organizationally and personally, maximize payback
- ✦ Select top priority goals
- ✦ Prepare a plan for development

STEP #2: IMPLEMENT

- ✦ Stretch your comfort zone
- ✦ Key is action
- ✦ Focus on situations that result in challenge and high levels of interaction with others
- ✦ Be opportunistic – take advantage of current situations that may present new challenges
- ✦ Be proactive – reframe current opportunities, seek new ones
- ✦ Take intelligent risks
- ✦ Face barriers – make development part of your routine, make it a job priority

STEP #3: REFLECT

- ✦ Extract maximum learning from your experiences
- ✦ Take stock – learn from short view, long view and the context of your actions
- ✦ Keep a learning record
- ✦ Learn from success – take time to imprint success patterns
- ✦ Learn from mistakes – determine what you can control and what you can't
- ✦ Learn from emotions – observe when you experience positive/negative emotions and why.

STEP #4: SEEK

- ✎ Look for feedback and support from others
- ✎ Overcome barriers to feedback
- ✎ Be proactive when asking for feedback
- ✎ Try different formats
- ✎ Know what to ask for
- ✎ Know who to ask

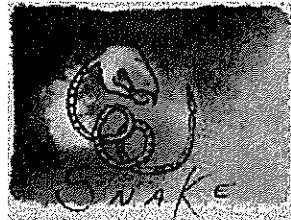
STEP #5: TRANSFER

- ✎ Transfer learning into action
- ✎ Adapt and plan for continued learning
- ✎ Solidify Success – celebrate accomplishments and keep sharp
- ✎ Advance to next level of mastery – seek experiences in new complex situations
- ✎ Spend time with experts
- ✎ Cross-train
- ✎ Learn by teaching others - become an Expert!



Quote of the week

“To know the road ahead, ask those coming back.”
-- Chinese Proverb --



DEADLINES FOR SUBMISSION TO THE HOTSHEET

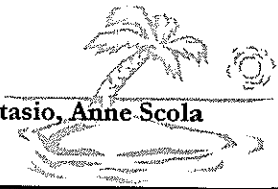
CONSULTANT SPOTLIGHT FRIDAY BY 12:00 PM (ET), PROJECT POSTCARDS MONDAY BY 12:00 PM (ET)

DIRECTOR'S CORNER WEDNESDAY BY 12:00 PM (ET)

EVERYTHING ELSE WEDNESDAY BY 12:00 PM (ET)

THE HOTSHEET

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Editor: Irma M. Rosales
Contributing Publishers: Nicole DiStasio, Anne Scola
Published by: KSA Miami



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CONSULTANT SPOTLIGHT

PRAFUL KARNATH

Born in Calcutta, India he attended the University of Delhi earning a Bachelor of Arts in Economics, with honors. Praful earned his next degree in Milwaukee, Wisconsin at Marquette University achieving a Master of Arts in Applied Economics, specializing in Finance and Economics. At Marquette University, Praful achieved some notable accomplishments – receiving the Zilber Foundation Scholarship for academic achievement and research assistance.

He enjoys traveling, tennis and golf. In fact, Praful has traveled to Bali, Mauritius and Turkey, with his biggest regret being passing up an all expense paid trip to Nepal!

With his desire for travel, of course his favorite restaurant would be in Bangladore, India at a restaurant called “Niziam’s”, as Praful puts it, there is “Nowhere else!”

Prior to KSA, Praful brings to us experience with a B2B distributor, Total Quality Management, Marketing and Logistics, to name a few.

Praful is married and is enjoying working with KSA.

PROJECT POSTCARDS

KBKIDS.COM -- A SUCCESSFUL DC PLANNING/IMPLEMENTATION PROJECT

-- MIKE SWIFT --

Congratulations to the KBKids.com project team -- *Neil Buck, Frank Leggio, Rodrigo Lopez, and Craig Morin* -- for a tremendous job in planning and implementing a B2C distribution center. Here's a quick rundown on their key accomplishments:

- Converted an existing pallet/carton-handling retail DC into a direct-to-consumer fulfillment operation.
- Selected, modified, and flawlessly started-up systems (Logistics Pro WMS) within a 4 month period.
- Implemented Base Plus standards in all major DC operations immediately after start-up, in time to support peak season.
- Consistently fulfilled customer orders within 1 to 2 days, even during the high volume holiday season.
- Continuously improved productivity, with reductions in operating costs every week from start-up through Christmas.

The client is extremely happy with the work that this lean, aggressive, and tightly coordinated KB/KSA team accomplished. Thanks to all who helped pull off this success.

MIKEY MOUSE & THE SUPPLY CHAIN

-- JACK HORST --

What has 4 bananas, a bicycle tire, a fighter pilot's helmet and a 5 foot pencil ?? As of last week, this question wouldn't stump the 300 attendees of this year's International Mass Retail (IMRA) Logistics conference held at Disney's Yacht Club Resort!

In a wildly creative main stage session, Mike Gregory & Chris Davis (ably assisted by Janice Ryer on the controls) presented **"10 Quick Wins to Turn Your Supply Chain into a Competitive Advantage"**.

In the session, Mike & Chris identified 3 different flavors of retailer, from those who have yet to understand & implement improvements across their supply chain to those "Astronauts" who are actively involving vendors and state-of-the-art technology to streamline supply chain operations.

They provided very specific and "actionable" suggestions to all three groups in 10 areas of critical interest including Collaborative Vendor Partnerships, Optimal replenishment Models and Leverage of Internet Based Technologies.

The Session was videotaped and copies will be made available in each of the Fulfillment offices. In addition, they prepared a great handout describing the 10 Quick Wins, a copy of which will be distributed to all Fulfillment consultants. It will be a great tool for sharing with your clients, or identifying things your clients might want to be considering.

Congrats to Mike & Chris on a truly first rate presentation!

INSIDE THE INTRANET

NICOLE DiSTASIO --

The response to the request for documents for the new "DC Management Criteria/Evaluation" folder has been substantial and is on going. This folder contains documents relating to either the evaluation of skills, or criteria for success for supervisors, managers and client engineers in the implementation and on-going support of Base Plus or CPI projects. Thanks to Randy Moore, Ken Walker, Chris Davis, Frank Leggio, Suzanne Dencker, Dan Purefoy, Dan Stonaker and Jane Griesinger for your responses and contributions. You can find most of the more than 25 documents that have been sent in already posted and available by accessing the following link: http://web1/tools/fulfillmentserv_/distribution_/cperformanceimp_/cmethodology_/dcmanagementcri_/. The remainder of the submissions for this new folder will be posted and ready for viewing by the end of this week.

Another new addition to the Fulfillment Services Intranet site is the Vendor Routing Guides folder found as follows: http://web1/tools/fulfillmentserv_/distribution_/bfacilitydesign_/greferencemater_/vendorroutinggu_/. Recent postings to this folder include: What is a Routing Guide?, AO Routing Guides 1.8.01, Mercantile Stores Vendor Req's Highlights and Federated Stores Vendor Req's Highlights. Many thanks to Sharon Gavron and Robert Fulghum for their contributions.

Other recent postings include pre-proposal documents and final project documentation contributed by Torre Crupie and Dan Stonaker. These documents can be accessed through the following links: http://web1/tools/fulfillmentserv_/distribution_/astrategyprojec_/ and http://web1/tools/fulfillmentserv_/distribution_/cperformanceimp_/. Thanks also to Torre and Dan for their submissions.

If you have any documents that would be a good fit for these files or any other folders, or if you *think* you have submissions that fit the bill, please email Nicole DiStasio in the Atlanta Office. Also, any and all ideas for new folders that you would like to see created and populated are welcomed. We are striving to make the Intranet work for you.

PRODUCT SNAPSHOT

-- NICOLE DiSTASIO --

Interested in the latest technology? The Product Snapshot will highlight various new products, equipment, systems and materials.

COUNTERBALANCE FORKLIFT

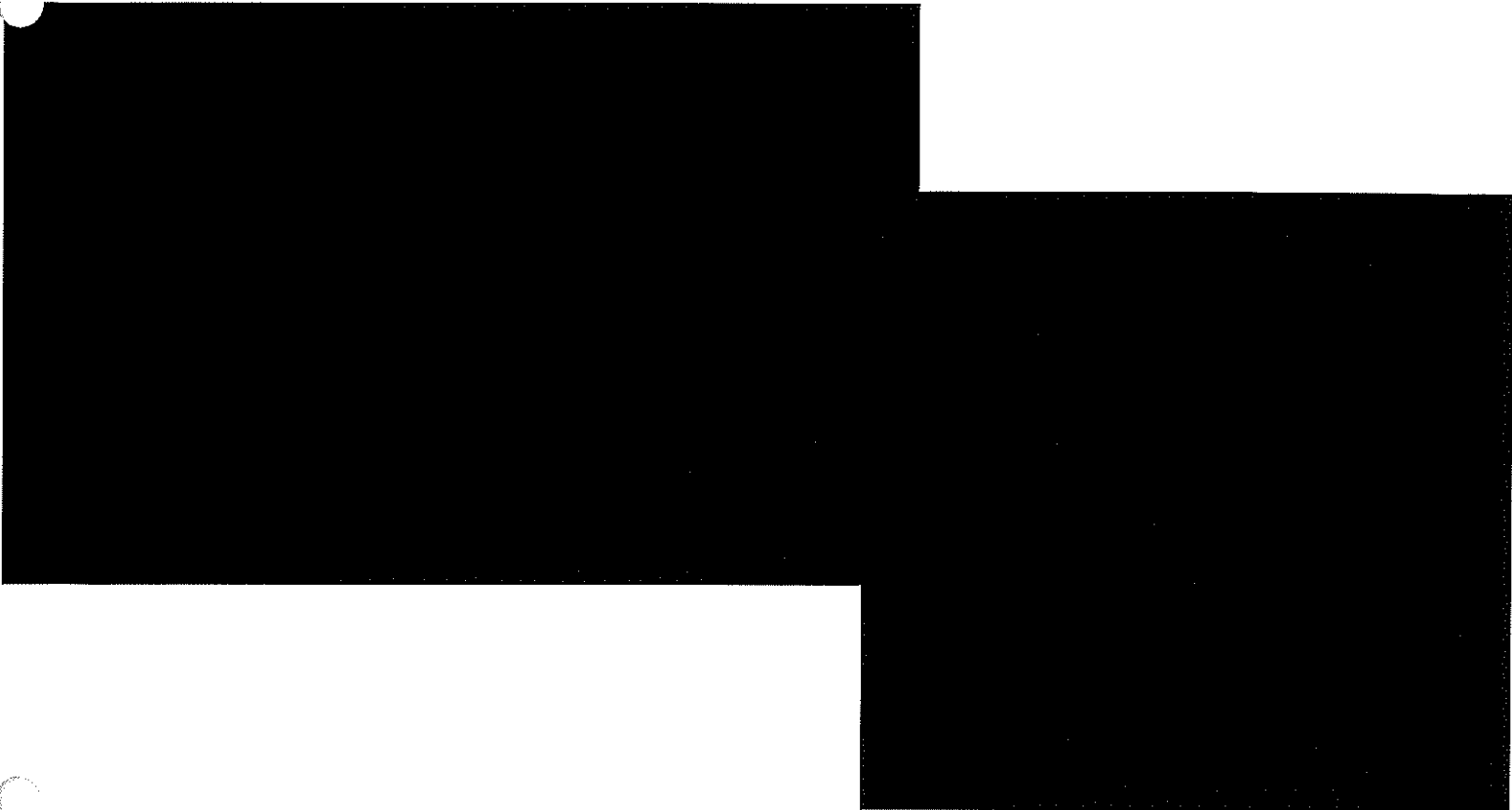
The ECHO (Electric, Counterbalance, High-Output) 3500 manufactured by Schaeff, Inc. in Sioux City, Iowa lifts up to 3,500 lbs. and reaches up to 205.8", fitting a variety of applications. It features brake/lift and reverse/lift interlock, which prevents operation of lift functions when brake pedal is released or when traveling in reverse. Maneuverability is enhanced with independent dual drive and MOSFET controlled traction system, enabling the forklift to move in and out of tight spaces and through varying floor conditions. Battery State of Charge indicator disables lift system when the battery energy is low, and can be set for 10%, 20% or 30%.

See this forklift and get more info at the following website:

<http://www.mhpn.com/scripts/showpr.asp?PUBCODE=0A0&ACCT=0001840&ISSUE=0012&RELTYPE=PR&PRODLT=A&PRODCODE=0700>

<http://www.mhpn.com/scripts/showpr.asp?PUBCODE=0A0&ACCT=0001840&ISSUE=0012&RELTYPE=PR&PRODLT=A&PRODCODE=0700>

NEWS NOTES AND NONSENSE



FAREWELL FROM VANITY FAIR INTIMATES

-- ALFREDO LOZANO --

On December 19 in Fresnillo, Zacatecas, MX, the "Mariachi's of Zacatecas" could be heard from all around. The special occasion was a chance for all of the Vanity Fair personnel from Plant 34 to bid farewell to someone they quickly learned to call their friend, *Andres Martinez*. It was easy to see that Andres made quite an impression on everyone during his 2 years at the plant. I had the opportunity to work with Andres for 3 months and I can understand why he will be missed. We had a great evening filled with "*Discada*" (a Mexican preparation of meats and vegetables), Mariachi's, singing and dancing, as we all got to wish Andres good luck on his new assignment.

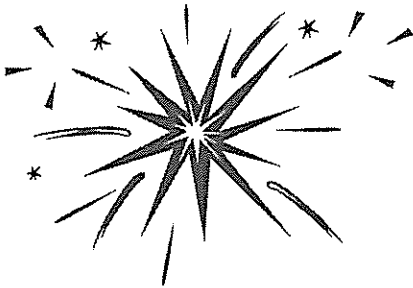


Quote of the week

The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."

--Martin Luther King, Jr.

January Celebrations



ANNIVERSARY'S

SERGIO CRUZ	01-01-69
GUSTAVO RODRIGUEZ	01-01-99
KIRK ZIEHM	01-04-00
BRAD ANDERSON	01-04-99
JOSE GERARDO AYALA	01-04-99
PETER ALLEN	01-04-00
IGNACIO FELIX	01-05-98
CAMERON GEIGER	01-08-96
ROBERTO TREVIÑO	01-10-00
CHRIS MERRITT	01-11-88
KARL SWENSEN	01-11-88
LAURIE CRANKSHAW	01-11-99
MARC BESSHO	01-12-98
DAVE RUSH	01-13-86
MIKE GREGORY	01-18-93
IRMA M. ROSALES	01-20-97
JONI BURKE	01-24-00
CHRIS DAVIS	01-25-95
TODD MITCHELL	01-29-96

BIRTHDAY'S

HAN NGUYEN	01-01
JIM SEVERYN	01-02
SEAN RYAN	01-06
GABRIELL PYLE	01-07
MIKE SWIFT	01-11
LORI DIGULLA	01-11
RAJ KUMAR	01-15
MICHAEL KELLOGG	01-15
JOSE GERARDO AYALA	01-17
DAWN KALE	01-21
MARK MESSINGER	01-29
STEVE ROBERSON	01-30
MUFADDAL MOOSABHOY	01-30



DEADLINE FOR SUBMISSION TO THE HOTSHEET IS WEDNESDAY OF EACH WEEK BY 12:00 PM ET.

NOTE: IF YOUR BIRTHDAY/ANNIVERSARY INFORMATION WAS NOT LISTED OR IS INACCURATE, PLEASE CONTACT IRMA M. ROSALES.

the HOT SHEET

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Editor: Suzanne Judd

January 5, 2001

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QUOTE OF THE WEEK:

"CHANGE IS INEVITABLE, EXCEPT FROM VENDING MACHINES."

-- ANONYMOUS

PUBLISHER'S NOTE

-- LAURIE CRANKSHAW

HOTSHEET: MAKING THE MOVE TO MIAMI

As we welcome in the new year, the HotSheet is ushering in a new team of contributors. Suzanne Judd and I are passing the HotSheet onto a team of dynamic and insightful people that will continue the weekly tradition. Based in Miami, Irma Rosales and Megan Andresen will edit/publish the newsletter. Anne Scola and Nicole DiStasio will contribute with articles from internally and around the industry.

The new HotSheet team is as follows:

Editor: **Irma Rosales**

Publisher: **Megan Andresen**

Contributor, Project Postcards/Consultant Spotlight: **Anne Scola**

Contributor, Industry Highlights/Vendor Vittles/Inside the Intranet: **Nicole DiStasio**

Anne in the Princeton Office will be the primary contact person for project update/articles (Project Postcards). For all other HotSheet items, send your contributions to Megan.

You can expect to see HotSheet issues emailed to you every Thursday. I encourage you to keep sending your contributions, articles, and amusing stories to the HotSheet team. The HotSheet is truly what *you* make of it.

Thank you for your support throughout my term as Publisher. Special thanks to Suzanne Judd -- for always being available. Her perception and guidance was always welcomed.

EDITOR'S NOTE
-- *SUZANNE JUDD*

I would just like to take this opportunity to thank Laurie Crankshaw for the incredible job she did in putting the HotSheet together each and every week. My responsibility as Editor was extremely easy because of the professional way in which Laurie gathered and put together all of the information included in each issue. Thanks again, Laurie.

Our new HotSheet team is a great group of people, I'm looking forward to future issues!

CONSULTANT SPOTLIGHT

ALFREDO LOZANO

Born and raised in Monterrey, Mexico, Alfredo attended Monterrey Tech. Knowing this, you may be surprised to learn that one of his favorite sporting teams is the Minnesota Vikings. Alfredo enjoys watching American Football and keeping tabs on the Vikings. He also keeps up with the Rayados del Monterrey soccer team.

Alfred has also been known to be daring. From skiing at Lake Tahoe to bongie jumping in South Padre Island. His motto is to embrace life as the Nike commercial states, "Life is short, play hard."

He enjoys hanging out with his friends, movie watching, running and surfing the Web. And you may catch him at his favorite restaurant in Monterrey, Nikori.

Alfredo admires his father, who has achieved most of the goals he set forth and is happy with what he has achieved. Alfredo hopes to follow in his father's footsteps and achieve success by accomplishing his own personal goals.

Alfredo is currently working at Vanity Fair Intimates in Fresnillo, Zacatecas (Mexico).

PROJECT POSTCARDS

GLOBAL SPORTS INTERACTIVE – SUCCEEDING AT ESPEED

-- *DAN ULICNY*

After 6 months of designing and starting up a new distribution center in Louisville, KY, peak day has come and gone without a hitch. The project team of **Steve Riepenhoff, Jeff Boudreau, Dan Stonaker, Richard Machan, Steve Knapik, Gabrielle Pyle, Dan Ulicny, Rich Bolton and Noam Paransky** have been involved in all aspects of preparation for Global Sports' first peak season from Facility and System Design and Implementation to Labor Modeling and Process Improvement.

As peak season neared, GSI projections for Peak Day doubled from the original planning data used to design the facility and process. In anticipation of this event, the original design was created to be scalable and flexible. With this change in Peak Day projections, the focus of the KSA team was turned from identifying improvement opportunities and performing capacity analyses, to implementing changes that would increase the throughput capacity of the facility. Over 4 weeks time, the operation matured from a 2,000 order/day capacity to a 9,600 order/day capacity on peak day, and is positioned to handle an even larger day if necessary.

With minimal investment in automated material handling equipment, the facility reached an outbound throughput of over 1,760 UPH, and more importantly met the customer service level that they promised this Holiday Season!

Detailed information on the project history and the rapid implementation methodology used on this project is available on the KSA Intranet.

Visit one of Global Sports partners at:

<http://www.thesportsauthority.com>

<http://www.theathletesfoot.com>

<http://www.dunhamssports.com>

<http://www.sportchalet.com>

<http://www.mcsports.com>

<http://www.bluelight.com>

<http://www.broadbandsports.com>

<http://www.athletesdirect.com>

<http://store.webmd.com>

<http://www.oshmans.com>

INDUSTRY HIGHLIGHTS

E-TAILERS ENJOY HAPPY HOLIDAYS

(THE ASSOCIATED PRESS, THURSDAY, JANUARY 4, 2001)

Despite gloomy reports from online companies such as eToys, it appears Internet retailers had a decent holiday season with revenue more than doubling from a year ago. Final figures for the season won't be released until later this month, but sites run by large, well-established stores, such as Wal-Mart and Kmart, clearly emerged as the big winners in cybershopping. Purely online retailers didn't fare as well, with the exception of Yahoo! and Amazon.

So far, reports from various Internet research firms reveal significant growth from last year, though a souring economy and poor publicity surrounding dot-com companies held revenue from reaching the most bullish forecasts.

Bizrate.com reported that online sales from Nov. 20 through Dec. 26 reached \$6 billion, up 60 percent from last year but below the 80 percent increase it had projected. A joint study from PC Data and Goldman Sachs estimated holiday e-commerce sales reached \$9.8 billion, up from \$4.7 billion last year.

Eleven of the 15 most popular sites were bricks-and-mortar chains, such as Barnes & Noble, Wal-Mart, Sears and Target, according to Nielsen/NetRatings. Amazon, which joined its toy business with Toys R Us this season, topped the list. Yahoo! said online orders doubled from a year ago.

UNITED PARCEL SERVICE RAISES DELIVERY RATES *(REUTERS LIMITED, DECEMBER 28, 2000)*

United Parcel Service said it would raise rates in February by somewhat less than rival FedEx Corp., which announced rate increases.

Both companies increased prices more than they have in recent years. The moves showed FedEx focusing on increasing profits, with UPS likely to continue recent gains in overnight shipping market share, analysts said.

UPS said it would raise its air express rates 3.7 percent for one-, two-, and three-day delivery and raise ground delivery rates 3.1 percent, beginning Feb. 5. UPS changed its residential surcharge to \$1.05 per package from \$1 and raised international export rates 2.9 percent.

A fuel surcharge of 1.25 percent, added in August to compensate for high fuel prices, will remain until fuel prices stabilize at lower levels, UPS said.

FedEx said it would raise domestic rates 4.9 percent beginning Feb. 1, 2001. Export rates are set to increase by 2.9 percent.

Both companies said volume growth started to slow recently. UPS said it would still meet its 2001 goals, unless the economy deteriorates further and FedEx lowered its expectations for its current fiscal year, which ends in May 2001.

Despite a slowing economy, "pricing conditions remain quite favorable" for package delivery companies, Burns said. Competitors Airborne Freight Corp. and the U.S. Postal Service are seeking to raise rates, he said.

Historically, UPS and FedEx have been able to maintain their cost structures at the start of an economic slowdown, Wolfe said, but "if volumes start shrinking there would be pressure to add packages to the system" by cutting prices. to raise rates, he said.

NOTES... NEWS... .NONSENSE

UNSOLICITED ADVICE

(SUCCESS ONLINE, DECEMBER 29, 2000)

You didn't ask for it.
You probably won't heed it.
You most likely don't need it.
But here's some advice anyway...

Advice On New Year's Resolutions: Don't make them if you're not going to keep them.

Career Advice: Make your passion your profession.

Advice On Communications: Say what you mean, mean what you say, but don't say it mean.

Advice From Walt Disney: If you can dream it, you can do it.

Advice On Getting Older: Don't count the days, make the days count.

Golf Great Jack Nicklaus' Advice: It's difficult to excel at something you don't truly enjoy.

Advice From Emile Coue: Every day and in every way, you're getting better and better.

HAPPY BIRTHDAY WISHES

Mike Han Nguyen	1/1
Jim Severyn	1/2
Sean Ryan	1/6
Mike Swift	1/11
Lori Digulla	1/11
Raj Kumar	1/15
Michael Kellogg	1/15



Sergio Cruz	1/1/1969
Gustavo Rodriguez	1/1/1999
Kirk Ziehm	1/4/2000
Bradly Anderson	1/4/1999
Jose Gerardo Ayala	1/4/1999
Peter Allen	1/4/2000
Ignacio Felix	1/5/1998
Cameron Geiger	1/8/1996
Roberto Trevino	1/10/2000
Laurie Crankshaw	1/11/1999
Chris Merritt	1/11/1988
Karl Swensen	1/11/1988
Marc Bessho	1/12/1998
Dave Rush	1/13/1986