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from the August 07, 2000 edition

## RUSH JOB

James Turner, Special to The Christian Science Monitor

**WILMINGTON, OHIO**— It's 11:45 p.m. and while most of the East Coast watches late-night TV or sleeps, you decide your life will not be complete without a Brookstone temperature-sensing fork for tomorrow's cookout.

As recently as three years ago, the craving could only be satisfied by a visit to the mall the next day. And this, of course, would only be possible if you lived near a Brookstone store. But in these days of instant Internet gratification, the fork is just a few clicks away.

Outpost.com, for example, offers the entire Brookstone line as part of its online inventory. It also promises free next-day delivery of any item ordered before midnight.

But making good on that promise is no easy matter. If the Kent, Conn.-based company used a conventional shipping service, it would have to cut off orders no later than 7 p.m. to ensure prompt delivery. That's because, in the modern world of overnight shipping, most packages are flown from a company's warehouse to a sorting facility (often in the middle of the US) before being put on another plane bound for the customer.

But Outpost has chosen an option being used with increasing frequency. By moving its inventory to the massive Airborne Express sorting center in Wilmington, Ohio, Outpost saves half the travel time for its packages. To further speed up the process, Outpost lets Airborne handle the fulfillment process.

"The reason consumers shop online is that it's convenient," says Pamela Rucker, vice president for public relations at the National Retailer's Federation in Washington. "But it doesn't have the immediate gratification of walking into a store and buying something. The way online retailers can compensate is by getting the item into the hands of the buyer more quickly."

"The reality is, for those of us who are cash rich and time poor, midnight may be the only time we can shop," adds Ira Matathia, CEO of the Intelligence Factory, a business research unit of advertising giant Young & Rubicam. "But we're still in an environment of immediate gratifiers."

We want everything exactly the way we want it, and want it immediately.

"These days, 'instant' is probably the standard, even delivery inside of 24 hours is still an impediment to e-retailers," he says. "Clearly the shippers have to be looking at the same thing: 'How do you cut off more time?' "

E-tailers have their own set of concerns. "We were looking for three things in a shipping partner," says Outpost CEO Bob Bowman. "First, a massive focus on the customer, not just someone who



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was trying to move boxes. Speed and cost were the other two factors. Airborne came out on top in all three."

An order's chain reaction

In the case of our fork order, the request is first processed in Outpost's Connecticut headquarters, where it is checked for common errors, such an address or credit-card number that was input incorrectly.

But once a purchaser's credit-card number is authorized, the order is zapped electronically to Airborne.

Located about halfway between Cincinnati and Columbus, Ohio, and nestled in a quiet agricultural community, Airborne's facility - converted from an old US Air Force base - handles nearly 1 million packages a night.

It's inside one of their warehouses, the size of 4-1/2 football fields, that the unsung heroes of the Internet revolution do the necessary grunt work.

Initially, orders are collected and stored in a computer. When a certain number of orders arrive (usually about 100), stock-movers hop onto forklifts and head into the main storage area where Outpost keeps its inventory. Elsewhere in the same building, 70 other companies also stock their goods.

After the appropriate number of items are retrieved, they are dropped off at a smaller "picking" area, where another group of workers grab specific items and any rebate coupons needed to fill each order. Picking is somewhat of an art.

"I can train you to pick, and I can show you the best way I have to pick, but you're going to find a process that's going to work good for you," says Kathy Kassinos, operations manager at Airborne. "A good employee can pick 200 to 300 orders an hour."

Next, the picked items are put on a push cart and wheeled to the packing area. There the order number is entered into a computer, and each item's bar code is scanned as it is placed into a box for delivery. This ensures that the right items, and all the items, make it into the shipment.

After being padded with bags of air (Outpost insisted on the change from the cheaper foam peanuts because of the irritation it causes consumers when they unpacked their purchases), the box is sealed and the shipping label is scanned to enter the package into Airborne's tracking system. (This step also causes the customers' credit card to actually be charged for the order.)

At this point, the packages are placed on pallets, wrapped in plastic to prevent shifting, and loaded onto trucks for their short ride to the sorting center, a half-mile down the road. Most days, as many as 6,000 orders make the trip.

'Controlled chaos'

The sorting center, located next to an airfield runway, is a study in barely controlled chaos. Planes arrive constantly from around the world already filled with packages from various warehouses.

The boxes are thrown onto conveyor belts, sorted, and eventually placed onto other outbound planes.

By 2 a.m., the last of the Outpost shipments enter this maelstrom, just as any other packages would, and head out no later than 4 a.m. for delivery the next morning. The average arrival time for a package is 9:45 a.m.

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But Airborne's responsibilities don't end here. If any Outpost order arrives broken, Airborne handles the return. In a corner of the warehouse, huge piles of returned televisions, printers, and just about anything else consumers can buy online lay in huge piles.

Think of it as Airborne's version of "The Island of Misfit Toys."

Here, workers make sure returned items are complete, and inform Outpost to issue a refund. The items are then either refurbished and resold as used, liquidated, donated, or trashed.

The dotcom challenge

For Airborne, a company accustomed to handling catalog sales, working with a dotcom retailer has been a challenge.

"Most people who are ordering from catalogs are ordering during the day," says Ms. Kassinos. "Then all of a sudden you get this Internet account and guess what? There's hardly any business during the day. And then about 5 o'clock in the afternoon up to about 12 o'clock, it gets heavy because everyone's coming home and getting on the Internet."

"The dotcom challenge, at least in my mind, is forecasting," says David Uprichard, Airborne's account representative in charge of Outpost.

Outpost reached its year-three sales projections in only four months, he says. "From our standpoint, that's hard stuff to deal with, it's explosive growth." Mr. Uprichard adds Outpost has definitely been a high-maintenance company compared with some of Airborne's older clients like Xerox and Siemens.

"I love the people at Outpost," he says. But he also concedes that they appear rattled at times.

"I don't know if it's because they're not sure they'll be around next year, or because they try to be so in touch with the customer that every jibe they feel, we feel.

"I think a lot of companies like Outpost are figuring out who they are, growing up as companies," Uprichard adds.

The relationship between Outpost and Airborne became especially intense during last year's holiday season, when orders began to flood in. Uprichard recalls some heated messages passing between him and an Outpost vice president.

"Overnight shipping was not invented for retailing," says Mr. Matathia, "but it has clearly been its most severe test."

"When FedEx and Amazon can deliver 250,000 copies of Harry Potter the first day, and on a Saturday," he adds, "it says as much about Fedex as it does about Amazon."

Uprichard says he has also had to deal with the somewhat unrealistic expectations of Outpost's marketing department. In the returns area, piles of 32-inch Sony TVs sold by Outpost sit in mangled shipping cartons.

"These were never meant to be bought this way," he says. "You're supposed to go to your local Circuit City and get one."

To increase the TV's survivability, foam is now injected into the packaging before shipment. Large workout equipment has been ruled out by Airborne, since it can only travel in the very limited "belly" space of their aircraft due to size.

A viable model?

The big question for Airborne and Outpost: Can the partnership approach compete as more traditional brick-and-mortar retailers go online, offering their own same-day delivery from their network of stores?

"After finding a local retailer online, there can't be anything better than walking into a store, and they say 'We'll have it set up today,'" says Matathia.

Outpost's Mr. Bowman disagrees. "You can't make money that way in this market segment. Groceries and books may be one thing, but when you're talking about a \$2,000 computer, it's a different story.

"The [delivery] people need to be licensed and bonded," he adds. "You can't just throw it on the back of a bike and say 'good luck and Godspeed.' And try to find those people in a full-employment economy."

For now, Airborne is bracing for the upcoming holiday season. It's been told to expect at least 30 days of 25,000 to 30,000 orders per day.

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