

THE Barrett Bugle

News and information for
and about the customers
and employees of Barrett
Distribution Centers

June 2008

CUSTOMER SPOTLIGHT

Plugging in to the customer's needs

**Giving customers what they really
need is what Best Buy does best.**

BY SUE WILSON, OPERATIONS MANAGER

Best Buy produced \$40 billion in annual revenue in fiscal 2008 and outpaced the competition in terms of market share in a volatile US economic environment. Best Buy has chosen to view this

environment as an opportunity to strengthen and differentiate their position even more while others retrench. What's their secret? Customer Centric Innovation.

Focusing on Customer Centric Innovation (CCI), individual store teams built growth plans from the bottom-up grounded in local customer insights. Best Buy President and CEO Brad Anderson was recently quoted on their website as saying: "We're uniquely positioned at the center of technology convergence for our customers—and we can't imagine a better place to be." He goes on to say, "We're continuing to maintain the staffing levels in our stores, which enables a better experience for both customers and employees. Most large companies don't try to operate like we do. But then again, most large companies don't continue to grow the way we plan to grow, and don't believe in their people like we do."

What is Customer Centric Innovation and how can you apply it to your business?

As mentioned above, CCI starts at the ground up—in Best Buy's case with the floor associates. Instead of focusing singularly on product

research and development, CCI companies work to understand what the customer wants and then use that insight to drive innovation. For Best Buy, CCI means melding product and service offerings into higher margin solutions that delight customers. CCI is not just about top line growth, it is about sustained and profitable top line growth driven by customer loyalty on higher margin business.

CCI companies have a rigorous customer research process that helps them improve their understanding of who their profitable customers are and what they need. Customer research focuses on developing better ways of communicating



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DIRECTOR'S POINT OF VIEW

3PL outsourcing saves time and money

BY MARK SOTIR, DIRECTOR OF CUSTOMER RELATIONS

With the continued rising cost of real estate, material handling equipment, information systems, trucks, fuel and just about every resource, it makes more sense than ever for companies to outsource their logistics needs to a competent 3rd-party logistics provider (3PL). The advantages of outsourcing are well documented:

- ▶ devoting capital and overhead to core activities
- ▶ remaining flexible in times of growth or retraction
- ▶ capitalizing on the innovation of your partner
- ▶ leveraging the assets of the 3PL

More and more companies are counting on their 3PL to manage their supply chain from the manufacturer all the way to their end-user.

The domestic revenues for 3PLs grew 12% from 2006 to 2007, up to \$114 billion. Globally, the 2007 3PL revenue reached \$391 billion according to Armstrong and Associates. There is a great reason for this double digit growth: outsourcing saves money! The capability and scalability of the quality providers in the industry attracts Fortune 50 companies and start-ups alike. As these companies concentrate on growing their businesses, both they and the 3PL provider grow in unison.

It has been a true win-win situation for all

parties involved. Customers are leveraging the expertise of the 3PL in areas of technology, security compliance, sanitation and risk management to optimize the relationships they have with their partners.

As the need for technology is increasing every day, the requirements are more robust than ever before. 3PLs with leading edge warehouse management systems, full EDI capability and interfacing technology are clearly in high

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Embracing the Seven Habits

BY ARTHUR BARRETT

I recently had the opportunity to attend a FranklinCovey one-day seminar in Boston. This presentation was an enlightening dive into their "7 Habits" (*The Seven Habits of Highly Effective People* by Stephen R. Covey). While I had read the book, I did not have an accurate or effective grasp of each Habit until I attended this seminar.

I have already experienced the positive results of two habits in particular, two that really go hand-in-hand for me—*be proactive*, and *empathic listening*.

Habit 1: Be Proactive

I had a different grasp of *proactive* before

I attended the seminar. As the antonym of *reactive*, to me *proactive* meant that I should anticipate some occurrence, get in front of it, and either prevent it from happening (if an adverse occurrence)—or heighten the effect (if a positive occurrence). Post-seminar, the term *proactive* has a completely different meaning for me. Simply stated, when you are being *proactive*, you do not allow any stimulus (an adverse occurrence or another's poor behavior) to cause reactive behavior or reactive language on your part. Instead, you take control of your emotions and your own behavior—keep your emotions in check—and refuse to allow another person's behavior to have an adverse effect on you. In short, recognize that, when you cannot control the stimulating event, you still have the freedom to choose your response to that event.

The "take-away" from Habit 1 for me is that I have complete control over my own reaction to the behavior of others. The first venue where I have taken this principle to heart is at home, in my interaction with my children. As a father of young boys, I have a heightened sense of responsibility for their behavior. After gaining a more thorough understanding of Habit 1, I now recognize that I cannot turn the clock back on their behavior—I can only control my own response to their behavior. A calm, thoughtful response will be immensely more effective at changing poor behavior.

Habit 5: Empathic Listening

This concept of a thoughtful response ties right into Habit 5, the skill of *empathic listening*. Covey demonstrates that each

habit, in its own way, actually enhances productivity.

Covey stresses that empathy is the fastest form of communication. When somebody comes to you with a problem, they most often are first looking for an echo, before they are ready to accept advice. Too often I am tempted to jump right into offering advice because in my mind "taking the time to listen and understand will take too much time". Covey's research proves over and over that the speaker is not ready to receive until they have finished conveying. The empathic listener draws that conveyance out of the speaker, demonstrating a powerful ability to assume the mindset

The Seven Habits of Highly Effective People

1. Be proactive.
2. Begin with the end in mind.
3. Put first things first.
4. Think win/win.
5. Empathic listening.
6. Synergize.
7. Sharpen the saw.

of the speaker and make the speaker feel completely understood. Even at an invitation such as, "I really need your advice here," the empathic listener will refrain from responding. The truly skillful listener will echo and paraphrase in a manner that helps the speaker arrive at their own thoughtful and effective conclusion. In this manner the speaker is more likely to embrace the conclusion and take action. It is the move to action that, in the end, makes empathic listening the "fastest form of communication".

I find this to be true in my own relationships, both at home and at work. Unfortunately for me, there are too many examples where I learn this truth the hard way, by failing to practice the habit. After the fact, I will have that "aha" moment where I realize that, had I embraced the habit, I could have arrived at a more meaningful conclusion to a conversation, and actually arrived there in less time.

I am going to reread Covey's book now, in the hope that it will have a more profound effect on me after diving into each Habit in his seminar. 🐬

3PL saves time and money *continued from page 1*

demand. Real time information is a must-have for all customers, and service providers using the latest technology are fitting the bill. Companies with e-commerce sites as well as traditional shippers need a partner who can interface with their systems and supply real time information to them and to their customers.

Value added services such as quality inspection, packaging, kitting, labeling and assembly are also ways that 3PLs are showing greater value to the marketplace. Vertical growth within one's client base is a major part of the advancement of the industry.

Seasonality is another factor that plays an important role in the outsourcing model. In most businesses, and especially retail, the seasonal needs of the client can explode in the 3rd and 4th quarters. The flexibility gained through outsourcing allows consumer products companies and retailers to economically manage this seasonal demand.

Most industry prognosticators anticipate the double digit growth of the 3PL industry to continue for several more years. Customers will continue to ask their partners for greater efficiencies, better technology and increased flexibility. 🐬

Bright ideas



More brilliant ideas from our resourceful employees:

► The Best Buy Customer Service team

reduced supply costs by eliminating a costly disposable envelope in their outbound batch process. The solution was to purchase plastic reusable folders designed to stand up to the daily handling. The end result will be approximately \$625 in savings the first year, and \$2,200 savings subsequent years on the supplies and equipment line.

► **Tom Maloney** re-engineered the set-up on the Vibram footwear account. He revamped the pick process to batch pick by SKU and scan by UPC. These changes increased our picking productivity by 27%, and will help achieve a company ship order accuracy goal of 99.97%.

These bright ideas are really adding up! 🚀

Best Buy, continued from page 1

value propositions and delivering complete experiences that truly satisfy real customers. Since so much of the learning about customers happens at the point-of-service delivery, it is essential for front-line employees to be involved, if not at the core of the information gathering.

Driving the process down to front line employees not only leads to better insights, it also blocks competitors from following you. The knowledge gained becomes ingrained internally and opaque to outsiders. Therefore, it takes competitors longer to figure out how you are winning.

The process results in more engaged employees, who understand the importance of their role and see that they are learning and driving improvement. As a result, CCI companies should have more loyal employees and lower turnover.

Best Buy knows that Customer Centric Innovation means that they need to see their business from the customer's perspective, understand the customer's needs and then attempt to meet those needs. If they can succeed at that, they will continue to be way ahead of the competition. 🚀

Success cannot come from stand-still men. Methods change and men must change with them.

—James Cash Penney

5 small tips for saving big

MICHELLE PARISI, CUSTOMER SERVICE MANSFIELD

There are so many ways to save money. For many people it will start with changing your mindset. If you have \$2 in your pocket it is easy to just grab a coffee, or hit the vending machine. Many people think "it's only \$2". In order to start saving, you need to think differently. Start thinking, "that two dollars is better in my pocket than someone else's." If you change this way of thinking, the "only \$2" starts to add up:

1. Start making your own coffee before work. This will save about \$2 a day. If that doesn't do it for you, now think about it as saving \$730 a year. Time to invest in a travel mug!

2. Stop smoking. If you're not interested in the health benefits, think about the money you will save. Assuming a pack of cigarettes is \$5, a pack a day costs \$1825 a year!

3. Prepare a lunch and bring your snacks. Ordering lunch 5 days a week and getting snacks from the vending machine can

cost over \$25 a week. If you bring your lunch and grab some fruit for snacks, you can save money and eat healthier!

4. Avoid ATM fees. You may be paying extra for using another bank's ATM. Plan to withdraw only from your bank. You can also get cash back at many stores when using your ATM. This way you don't have to pay extra to get your money.

5. Don't pay full price. Make the effort to buy items on sales and with coupons. Stock up on regularly purchased products when they are on sale so you don't need to buy at regular price.

These are just a few "slight-edge" decisions that will help make a difference in your bank account at the end of the year. Add the power of compound earnings that we learned in our GGOB and 401k classes, and these small changes in behavior will yield great savings over the years. And on the special occasions when you do treat yourself to a coffee from the deli, you will enjoy that beverage even more knowing its true value! 🚀

Happy Anniversary!

Congratulations to the following employees who reach a milestone with Barrett:

APRIL

John Bacci • 10 year
Francisco Lopes • 9 year
Jean Laforest • 7 year
Kevin Milligan • 4 year
Deny Corrales • 4 year
Jose Pereira • 2 year
Dalila Lambert • 1 year

MAY

Edel Blandon • 5 year
Bruce Hunter • 3 year
Joao Monteiro • 3 year
Melanie Lawton • 2 year
Anthony Dzikiewicz • 1 year
Rhonda Pryor • 1 year

JUNE

Timothy Barrett • 15 year
Robert Willert • 8 year
Maximiliano Cante • 8 year
Thao Ngoc Do • 3 year
Thao Xuan Do • 3 year
Christina Morin • 3 year
Noel Carmenatty • 2 year
Manuel Restrepo • 2 year
Edic Cruz • 1 year

JULY

Arthur Barrett • 20 year
Reinaldo Rodriguez • 8 year
Amado Santos • 7 year
Faber Restrepo • 4 year
Danette McDermott • 2 year
Andrew Keane • 2 year
Ken Marasca • 1 year

AUGUST

Chuck Collins • 12 year
Keith Lawton • 5 year
Tomas Burgos • 4 year
William B Ketchen • 3 year
Theresa Zerrien • 3 year
Luis A Blanco • 3 year
Wesly Perceval • 1 year

SEPTEMBER

Buddy Cannata • 9 year
Deborah Doyle • 8 year
Jose Medina • 5 year
Linda Skrzat • 5 year
Hugo Moreno • 5 year
Luis Blanco • 5 year
Kevin Moran • 4 year
Denise Canal • 4 year
Thomas Lemoine • 4 year
Juan Pagan • 2 year
Randy Andrade • 1 year
Carla Morin • 1 year
Stephen Ferraro • 1 year
Jacquelyn Henry • 1 year
Jennifer Fonagy • 1 year

Welcome to the Team!

A big welcome to all those who have recently joined the Barrett team:

Carlos Martins
Kevin Dennis
Peter Synk
Richard Byrne
Renee Masse
Melinton Perez
William Daly
Kevin Simone

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kudos!

“We would like to express our sincere thanks and gratitude to the entire Barrett family of associates for assisting us through our first heavy fall distribution season. We in Dayville do not know how we would have accomplished what was expected of us without your help. Barrett took on a reasonably small project and then was asked to flex up five fold with practically no advance notice. For this we are very grateful to all of you. ”

George Piquette
Logistics Manager
Rite Aid Distribution Warehouse

“I just had a customer of mine call who picked up a shipment last week. She made it a point to tell me that she was very impressed with the operations at Barrett, and that everyone was extremely helpful and friendly. So thank you!

Kirstyn Roberts
Account Manager—US East
Comptoir de Famille

congrats!



Tim and Lauren Barrett have welcomed daughter **Lindsay Rose Marie Barrett** into their family. Lindsay was born on April 16 weighing 9 pounds, 1 ounce. Pictured above is **Helen Marie Barrett** holding Lindsay. This is the first girl out of 12 grandchildren for Helen Marie!

We congratulate **Melanie Lawton** for completing her Bachelor of Arts degree in International Studies at American University in Washington DC. Melanie is the daughter of **Keith Lawton** in Mansfield, and a key contributor in Franklin the past 3 years during her semester breaks.

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