

# the 4caster

The 4R Systems Company Update



In this Issue

2

Webinar a Success

Sales SVP Appointed

4R Co-founder Receives  
Lectureship Award

3

NRF Big Show Update

Aberdeen Group  
Benchmark Study

Katrina Relief Efforts

4

Nechleba Featured  
Speaker

Boston Retail Dinner

5

4R New Hires

4R CEO ASCET White  
Paper Contributor

6

4R Founders Facilitate  
COER Conference  
at Wharton

4R Employee  
Spotlight

**RETAIL TRENDS:**

4R Systems provides retailers breakthrough technologies that profit-optimize inventory decisions throughout an item's life including the initial buy, replenishment and allocation for stores and DCs, and end-of-life strategies including markdowns.

## “... Just like Wall Street, Main Street retailers also invest in stock—their inventory”

Over the last few years, we've used *the 4caster* to talk about how optimizing key inventory and supply chain decisions can improve customer service, operations and, ultimately, profitability. We hope that you've found this, and other news of 4R, both interesting and informative.

Beyond *the 4caster*, we've presented in a variety of forums our real world experience and their results with 4R customers. To name a few, we've presented at INFORMS (The Institute for Operations Research and the Management Sciences), Retail Systems, a leading retail technology conference and, just this last January at the National Retail Federation alongside one of our clients, Crate

and Barrel. Throughout, we've seen growing enthusiasm and interest on the part of retailers in optimizing their business.



Recently, we were asked to present at A.G. Edwards' Retail Investment Conference. While the primary focus of the conference is for public retailers to brief retail investment analysts on their businesses, the A.G. Edwards Conference emphasizes the impact of technology on the ability of retailers to improve their business and, ultimately, the value of their companies. As a result of our work in helping retailers profit optimize their supply chains, we were asked to present.

*(Continued on pg. 4)*

**CLIENT UPDATE:**

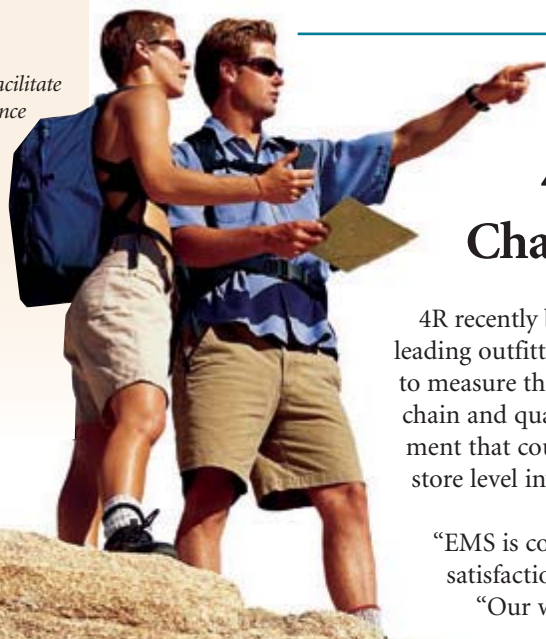
## Eastern Mountain Sports Engages 4R Systems to Enhance Supply Chain Performance

4R recently began work with Eastern Mountain Sports (EMS), one of the nation's leading outfitters of serious outdoor gear, clothing, footwear and accessories, to measure the current efficiency of their supply chain and quantify the potential profit improvement that could be derived by profit optimizing store level inventories and markdowns.



“EMS is constantly looking for ways to simultaneously improve customer satisfaction and company performance,” said Jeffery Neville, CIO of EMS. “Our work with 4R reaffirms our commitment to our customers.”

*(Continued on pg. 6)*



## 4R IN THE NEWS

## Fisher Receives 2005 Philip McCord Morse Lectureship Award



The 2005 Philip McCord Morse Lectureship Award was presented to 4R co-founder Marshall L. Fisher “who exemplifies the true spirit of Professor Morse, and who, like Professor Morse, has been an outstanding spokesperson for the operations research profession.”

Randall Robinson gave the audience at the INFORMS annual meeting in San Francisco a brief bio of Morse before presenting the award to Fisher. Robinson noted that Morse, the first president of the Operations Research Society of America (ORSA, a forerunner of INFORMS), is often called the “Father of Operations Research” in the United States. Robinson went on to say that the Morse Lectureship — a two-year term involving a plenary presentation at a future INFORMS meeting and other talks on behalf of the profession — is designed to reflect Morse’s “deep involvement in practice and research, high professional standards, energetic productivity, service to the professional society and advocacy of the profession to the outside world.”

The award includes a copy of Morse’s autobiography, “*In the Beginnings: A Physicist’s Life*” and a copy of Morse and Kimball’s seminal text, “*Methods of Operations Research*.”

In accepting the award, Fisher said he had the pleasure of meeting Professor Morse while he (Fisher) was a student at the Operations Research Center at MIT, which Morse founded.

## Crate and Barrel, 4R and Chain Store Age Host Popular Web Event

Over the last 20 years, retailers have become increasingly aware of the impact of the supply chain on customer service and profitability. While measures such as in-stock percent, weeks of supply, and turns provide valuable insight into the state of a retailer’s inventory, they fall short of helping a retailer optimize their inventory and supply chain.

In this free web event, “*Profit-Optimizing Inventory to Better Fulfill Customer Demand*” held on April 25th, over 100 attendees heard from Jiri Nechleba and Ed Rennemann, Crate and Barrel’s CIO, about how 4R profit-optimized in-store inventory levels by applying advanced analytics and optimization technology. In addition, Crate and Barrel discussed how it is applying profit-optimizing approaches throughout their supply chain. The event was moderated by Ken Clark, Executive Editor of Chain Store Age magazine.

**VIEW IT NOW** on-demand at <http://www.iian.ibeam.com/events/lebh002/15118/>

## 4R Systems Appoints John Nives as Senior Vice President of Sales and Client Service



4R announced in November the appointment of John Nives as Senior Vice President of Sales and Client Service.

John brings more than 25 years of expertise in technology sales, marketing and business management to his role at 4R, where he will be focused on building-out the commercial organization which includes sales and client service.

“4R has done it right,” commented John. “They have taken the time and effort to build a quality solution that allows retailers to improve customer service while simultaneously increasing profitability. In talking to 4R’s clients, I am impressed by how pleased and enthusiastic they are about the impact that 4R has had on their business. The next step is to take this message aggressively to the marketplace.”

Prior to joining 4R Systems, John was Vice President and General Manager of Marketing Technology Solutions (MTS), where he managed the Pharmaceutical Information alliance between MTS and ACNielsen. Previously, he held executive positions at the world’s largest information company VNU / Nielsen Marketing and Media Research. John was Senior Vice President, Global Sales and Marketing for Nielsen/NetRatings and Senior Vice President, General Manager of Consumer Direct, an initiative between ACNielsen and Yahoo!. Prior to joining Nielsen, he was an Executive Vice President at Information Resources. He began his career in Management Science at Kraft General Foods.

John earned an MBA in Finance and Computer Science from Pace University and a B.S. in Industrial Engineering from State University of New York at Buffalo.

## Crate and Barrel and 4R Session Presenters at National Retail Federation's Big Show 06'

The National Retail Federation (NRF), the world's leading retail trade association; Crate and Barrel, one of the most influential and respected housewares and furniture retailers in the United States; and 4R Systems delivered the Session: "Managing In-Store Inventory Levels with Analytics" at NRF's Big Show in New York in January. The session featured Crate and Barrel CIO Ed Rennemann and 4R Systems CEO Jiri Nechleba.

During this presentation, Mr. Nechleba discussed a framework that retailers can use to profit-optimize store inventory and increase customer service through analytics. Mr. Rennemann further described how Crate and Barrel is using this framework and adopting profit metrics to measure and manage their entire supply chain and the benefits of doing so.

"The changing state of managing inventory within the retail industry demands that the bar be raised on merchandising performance, and the best are rising to the challenge," stated Paula Rosenblum, Director of Retail Research for Aberdeen Group on the move toward profit-optimized inventory solutions. "There is little doubt that, given the pressures retailers face and the strategies they contemplate, the need has been recognized to move past spreadsheets as the tools of choice for advanced planning and replenishment operations," Paula added. "This is their best hope for reclaiming sales lost due to the intractable problem of out-of-stocks."



Click here to view this presentation: <http://www.4rsystems.com/news/events.html>

## 4R Sponsors Aberdeen Group Benchmark Study

Out-of-stocks, markdowns and spoilage from excess inventory of perishable items plague retailers regardless of segment and size. In an effort to understand retailers' perceptions of this situation and to understand technology-enabled solutions they employ to solve it, Aberdeen Group recently conducted a primary research study with more than 60 retail participants. The results are published in the final report entitled "The Business Benefits of Advanced Planning and Replenishment." 4R is a proud sponsor of the benchmark study. **If you are interested in downloading this report compliments of 4R, please visit: [http://www.4rsystems.com/news/white\\_papers.html](http://www.4rsystems.com/news/white_papers.html).**

### BEHIND THE SCENES AT 4R



## Katrina Relief Efforts Hit Home

Many of us can only imagine the devastation of the Gulf Coast as a result of Hurricane Katrina. 4R CFO Maurice Guinan doesn't have to imagine, he witnessed it first hand. Not long after hearing about the horrific storms in the area, Maurice contacted the Red Cross in Sarasota, Florida about how he could help.

For the next two weeks, he trained in Sarasota for the American Red Cross. After training, he flew into Gulfport, Mississippi and was deployed with his Red Cross Unit to Pascagoula, Mississippi where he would spend the next three weeks assisting with hurricane relief efforts along the Mississippi coast.

Maurice was part of an ERV (Emergency Response Vehicle) crew, first helping with food prep, and then as the ERV driver. The crew drove a daily route and distributed meals to the people living in the areas of Mississippi hard hit by the hurricane.

(Continued on pg. 4)

## On the Road Again!

Where in the world is ... 4R CEO Jiri Nechleba??! Jiri has been very busy traveling and speaking about the benefits of profit-optimized inventory! In addition to being a featured speaker at NRF this year (see article), he was in Florida in late January to present to a large crowd of investors and retailers at the A.G. Edwards Event: *Retailing 2006, The Technological Imperative*.

He also recently spoke to the Vendor Compliance Group at their National Conference in March: *Enhancing Trading Partner Profitability by Pursuing the Perfect Order*. He delivered a speech on the topic of "how to cope with uncertainty in the demand planning process."

In May, Jiri spoke on the "Merchandising Innovations" panel at the MIX event in Chicago. Marshall Fisher presented "Driving Retail Sales and Customer Service" at the same event.

**For more information on these and other events, please go to <http://www.4rsystems.com/news/events.html>.**



## Boston Retailers Enjoy a Night of Dining and Networking!

Senior representatives from some of the most prestigious retailers based in the Boston area including BJ's Wholesale Club, Lindt & Sprungli, Reebok, SmartBargains, Staples, Stride Rite, and TJX Companies enjoyed an evening of fun and networking at Grille 23 on March 16th. 4R served as corporate host of the event.



Hosted by Paul Gaffney, EVP Supply Chain, Staples, Inc. and the National Retail Federation, the Networking Nights event gave retailers an opportunity to network, share experiences and discuss what's keeping them busy these days!

(Continued from pg. 1)

## "... Just like Wall Street, Main Street retailers also invest in stock—their inventory"

We were quite pleased with the reception we received from the retail financial analysts. They related well to our solutions as they are very similar to solutions Wall Street has implemented over the last 25 years to improve the performance of stock portfolios. The analogy is strong as, just like Wall Street, Main Street retailers also invest in stock—their inventory. We continued to receive strong positive feedback from Wall Street analysts that profit optimizing the 4Rs (Right Product, Right Place, Right Time, Right Price) is something leading retailers need to do to drive company value.

~ Jiri Nechleba, President and CEO

## BEHIND THE SCENES AT 4R

### Katrina Relief Efforts Hit Home

(Continued from pg. 3)

The conditions were terrible in the area. In addition to dealing with the after-effects of Katrina's winds and rain, some neighborhoods also had to deal with post-hurricane tornadoes, which leveled their homes, and accounted for more deaths and destruction. As a result, there were very few businesses open in the area and there was an evening curfew.

All of the houses that remained in that area had both water and mold damage. Many families were living outside their homes in tents, with their belongings on their front lawns. Because they had the same route every day, the ERV crew got to know some of the people and talked to them about their experiences. Even with the devastation so great, the people were gracious and thankful for the help they received.

Thanks to the support of family and work—he was greatly missed while away from both—Maurice had the opportunity to help so many others.

Today, Maurice is still in touch with some of the volunteers he met during this time since such strong connections were made. He also continues to stay involved with the Sarasota Red Cross.

For more information on the American Red Cross and what you can do to help in times of crisis please visit: [www.redcross.org](http://www.redcross.org).

## And a Big 4R Welcome to ...



**Hugh Hyatt** has joined 4R as a **Senior Software Engineer**. If the name sounds familiar, you're correct, he's the brother of Principal Software Engineer, Wayne Hyatt. Hey, if you find a great place to work, why not invite others to join you? Prior to joining 4R, Hugh worked in various software development positions, both as an independent consultant and as an employee at Devon IT, Liberate Technologies (nee MoreCom), Platinum Technology, McKesson Information Systems (nee GMIS) and Unisys (nee Burroughs). He holds a B.A. in History and has several graduate-level Computer Science courses under his belt. His wife of seven years, Roslyn, is currently on an extended visit to her native Australia. He has four grandchildren and five children scattered around the country from Miami to San Diego to Ann Arbor, as well as four stepchildren. Over the years he has been deeply involved with various non-profit organizations, including his local fire & ambulance company, a coffeehouse, his church, an annual multi-week family camp for spiritual growth, an orphanage in Nepal, and an educational institution focused on alcohol education. In his little remaining spare time, he likes to read (particularly science and history), watch independent movies, travel and listen or play music, mostly jazz.



**Ellen Guinan** has joined 4R as our **Office Manager**. Quick memory test! Who else at 4R shares the last name Guinan? Are you beginning to see a trend here? Ellen is the wife of our CFO Maurice Guinan! Prior to joining 4R, she worked in administrative positions for both large and small organizations, including non-profits. She holds a Bachelor's degree in Economics and Business Administration from Immaculata University. She and Maurice reside in West Chester and have three daughters who keep them on their toes (and traveling all over the US to visit them!) One daughter lives in Chicago, one daughter is a college student in Los Angeles, and the youngest is a sophomore at Archmere Academy in Claymont, DE. In her spare time, Ellen is a volunteer with Home of the Sparrow and luckily loves to travel (besides the US, some favorite spots include Ireland, France and Australia)—with plans to visit Italy, Belgium and Spain in the near future. Other hobbies include reading, cooking, fitness, and spending time with family and friends.



**Biying Shou** has joined 4R as an **Operations Research Analyst**. Biying was born in Zhuji (China), a town with more than 2000 years of history! She received her Bachelor's degree from Tsinghua University in Beijing, China and her Ph.D. in Industrial Engineering and Management Sciences from Northwestern University. She is a member of INFORMS and served as President of INFORMS Northwestern University student chapter. Before joining 4R, she worked at Eastcom (China), Innsbruck Management Center (Austria), General Motors (US) and Motorola (US) during summers. She and her husband, Jianwei Huang have a 2-year-old son, William. She enjoys reading, swimming and dancing!

## 4R CEO ASCET White Paper Contributor

Montgomery Research, Inc. in association with Accenture, recently released *The ASCET Project: Achieving Supply Chain Excellence through Technology, Volume 7*. The seventh annual edition of ASCET contains insights, guidance, technical instruction and case studies from nearly 100 of the world's leading companies and thought leaders.

4R CEO Jiri Nechleba and client Ed Rennemann, CIO and VP of MIS for Crate and Barrel, among other supply chain luminaries, were approached to participate in this project. Their white paper, entitled, "*Jiri Nechleba and Ed Rennemann explain how to use the quantum mechanics of retail to improve profitability*," was published in the edition.

Montgomery Research has distributed over 30,000 books to subscribers, key clients and prospects of Accenture, vendor selected decision makers and C-level executives in the Global 2000.

Please click here to download and read this piece: [http://www.4rsystems.com/news/white\\_papers.html](http://www.4rsystems.com/news/white_papers.html).



## EMPLOYEE SPOTLIGHT

3 New US Citizens  
at Faktor Household!

It's been a busy couple of months for 4R Database Administrator Yefim Faktor and wife, Olga! Not only did they pass the exam to become US citizens and receive citizenship on December 7, 2005 in a ceremony at the Philadelphia Convention Center, but Labor Day 2005 certainly lived up to its name as they gave birth to a beautiful daughter Emily, 8 lbs. 1 oz. on September 5, 2005! She joins older sister Veronica. Congratulations to the entire Faktor family!

4R Founders Facilitate 2006 COER  
Conference at Wharton

COER (Consortium for Operational Excellence in Retailing) members and invited guests are looking forward to gathering in Philadelphia at The Wharton School June 13 & 14 to discuss hot topics of timely interest to retailers.



4R co-founders Marshall Fisher of The Wharton School and Ananth Raman of Harvard Business School founded COER in 1997. It began as a project, working with a consortium of 32 leading retailers to determine how information technology can be used to manage the supply of fashion-type products more effectively. They surveyed participating retailers through interview visits and a written survey to determine their current approaches to forecasting demand and managing supply of these products, and also to ascertain how they think advances in information technology might improve their practices.



HARVARD | BUSINESS | SCHOOL

Out of this effort, COER was born—a subset of the group of 32 retailers with whom they are working closely to develop new merchandising support tools. The Consortium for Operational Excellence in Retailing (COER) is a partnership between a leading group of retailers and academics from Harvard and the Fishman-Davidson Center at Wharton. **For more information on this event, please contact Anna Sheen McClelland at [asmcclelland@rcn.com](mailto:asmcclelland@rcn.com).**

(Continued from pg. 1)

## Eastern Mountain Sports Engages 4R Systems

This starts with having the product they want in our stores when they want and need them. We look forward to building on this relationship with 4R and implementing solutions enabling us to achieve our company goals.”

EMS has engaged in an IP<sup>Mark</sup> project with 4R where they will calibrate the profit improvement opportunity within EMS's supply chain, with particular focus on store replenishment/allocation and markdown, through better analysis and use of its sales, inventory and supply chain data. 4R will work with EMS to combine results of quantitative as well as qualitative research from the engagement and develop a pro forma of the profit improvement opportunity as well as a checklist of requirements to attain the benefits.



4R Systems, Inc., 1400 Liberty Ridge Drive, Suite 102, Wayne, PA 19087



• 610-644-1234  
• fax: 610-644-2152  
• 1-866-4RSYSTEMS

• [info@4rsystems.com](mailto:info@4rsystems.com)  
• [www.4rsystems.com](http://www.4rsystems.com)