

# MATTEL MAGAZINE

## **30 YEARS AND STILL RACING ALONG** *HOT WHEELS celebrates three decades of taking kids and adults on a fun, fantastic ride*

**E**lliott Handler, co-founder of Mattel, was watching his grandson, Todd, play with his favorite toys – small die-cast cars that weren't made by Mattel. Intrigued, Handler took a closer look at the cars. He could see that they were made more as collectibles than toys to be played with. The wheels didn't even turn.

Handler brought one of the cars to an engineer at his company. "I want the wheels to turn," he said. "Let's design an axle and wheel system so that this little car will travel fast with very little effort."

Thirty years later, HOT WHEELS are still turning and traveling faster than ever, thanks to a team of designers, engineers and marketers who could give any of the Big Three car makers in Detroit a run for their money. Handler's idea for 1/64th-scale die-cast cars that combined performance and exciting detail led to a brand that today sells more than \$250 million per year and has fueled the automotive imagination of millions of little boys (and quite a few girls).

### **YEAR-LONG CELEBRATION**

To celebrate the brand's three decades, Mattel has kicked off a year-long schedule of events and promotions aimed at showing that HOT WHEELS are still one cool ride.

"There are more than 41 million men who grew up playing with HOT WHEELS," said Jim Wagner, vice president-Marketing and Licensing, HOT WHEELS. "As we celebrate this brand's incredible 30 years of success, we want to reach out to both those men as

well as their kids. We want people to see HOT WHEELS as a lifestyle. We want to capitalize on their natural nostalgia for the past and illustrate how much fun kids and adults can have with the hundreds of new HOT WHEELS products and promotions."

The HOT WHEELS anniversary celebration kicked off at New York Toy Fair in February, where the brand not only showed off its exciting 1998 line but also



gave industry people and the press a partial sneak peek at two exciting promotions that will be touring the United States together this year: A display of the "World's Coolest Car Collection" featuring hundreds of rare and collectible HOT WHEELS, and the first-ever "life-size" HOT WHEELS – a full-scale replica of the 1/64th-scale Twin Mill.

Introduced in 1969, the second year of HOT WHEELS, the Twin Mill was the first in the line based on an original design rather than an existing car. Now,

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almost three decades later, that little die-cast wonder has been translated into a full-size car, built by legendary hot rod designer Boyd Coddington.

### A QUICK LOOK BACK

In addition to the tour of the World's Coolest Car Collection and other innovative promotions celebrating the birthday of HOT WHEELS, Mattel is also introducing a limited collection of 30 of the brand's best-loved vehicles, one from each year of HOT WHEELS history. This "cool-ec-tion" includes a 1968 Deora, a 1974 Rodger Dodger, a 1976 Corvette Stingray, the 1957 Thunderbird and many more, all in a unique collector display box.

"As the world's coolest car company turns 30, we wanted to make a pit stop and commemorate the past three decades of speed, power, performance and attitude," said Gary Swisher, HOT WHEELS director of design. "But we're only stopping to look back for a moment because we've got some big plans for the future of HOT WHEELS."

That's not to say that the future of HOT WHEELS has nothing to do with its past. Indeed, it is no coincidence that the centerpiece product of the HOT WHEELS 30th anniversary is targeted at collectors.

"The collector market is one of the most important avenues for the future growth of HOT WHEELS," said Mark Siegel, product manager for the HOT WHEELS collector line. "Collectibles are the key to getting adults reacquainted with the fun of HOT WHEELS. And practically anyone can be a collector.

You don't have to have a lot of money. You just have to have a passion for cars and a nostalgia for how you felt playing with your first HOT WHEELS."

### TARGETING COLLECTORS

Along with MATCHBOX (which Mattel acquired last year with its purchase of Tyco), HOT WHEELS die-cast cars have long been a popular toy for collectors. They like the incredible variety that HOT WHEELS offers (more than 10,000 variations since 1968), and the high quality of design and detail. There are die-cast collector publications, web sites and even an annual convention. In October, as the grand finale of the 30th anniversary, HOT WHEELS will stage the first-ever convention to be officially sponsored by the brand rather than an independent collectors' group.

"The children who played with the first HOT WHEELS are now in their 30's, an age group with a growing disposable income," said Siegel. "They are also a generation who generally enjoyed being a kid and likes things that remind them of those great years."

### QUEST FOR A BETTER CAR

HOT WHEELS helped make the last 30 years great ones for kids by giving them three things that previous die-cast cars had failed to provide: speed, performance and attitude. Before HOT WHEELS, the die-cast cars on the market were slow, with designs that were mostly European.

To address the performance problems, Mattel's designers and engineers devised a torsion-bar spring action that increased durability. They also added a paper-thin lip on the inside of the wheel. This small inside edge would be the car's primary contact with the surface, which minimized friction.

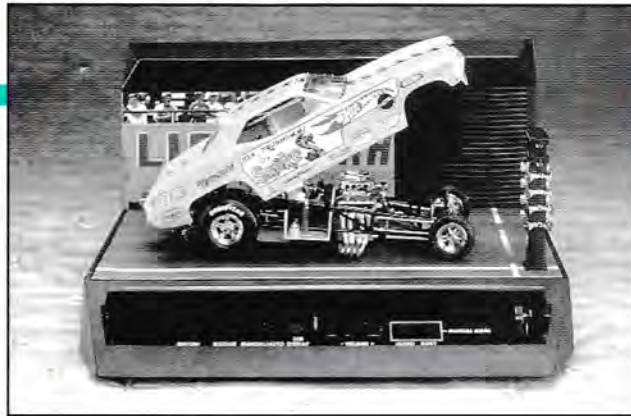
How the cars would look was just as important as how they performed. In ordering up the first wave of designs, Handler asked for cars that reflected the hot rod wave that was

rolling through California at the time. When he saw designer Harry Bradley pull into the Mattel parking lot with a yellow customized El Camino, Elliot suggested that Bradley make it the model for one of the first HOT WHEELS, which it was.

### A BRAND IS BORN

The original features that made Mattel's little cars famous included a rake (larger tires in the rear and smaller tires in the front), hood scoops, exposed and chromed exhaust headers and bright, exciting paint jobs. The all-important wheels were "mag" style with a signature red line around the outside. The wheels and the "hot rod" feel of the cars inspired the name "HOT WHEELS."

The early HOT WHEELS design team re-created many of the vehicles that were coming out of Detroit at the time. In fact, two of the designers, Harry Bradley and Larry Wood (who is still chief designer for HOT WHEELS), had worked in automotive design in the Motor City before coming to Mattel. Mattel was so plugged into Detroit that the company's miniature



▲ *HOT WHEELS LEGENDS TO LIFE SNAKE captures the excitement of Don Prudhomme's famous car with real lights, working parts and sound.*

Chevrolet Corvette was actually on sale before the real one and remains the most popular vehicle in the brand's history.

Once Handler had overseen the creation of these fast and cool cars, he needed a new way to play with them. He suggested a plastic track raised at one end with a clamp that could be attached to a table top or drawer. In one early meeting with a buyer from J.C. Penney, the HOT WHEELS cars careened down the track faster than any of the competition. Ruth Handler, Elliot's wife and president of Mattel at the time, asked the buyer how many he thought J.C. Penney would want. He answered, "I think we might sell 12 to 15 million."

### 30 YEARS OF INNOVATION

In 30 years, the brand has come a long way. HOT WHEELS has exploded into a universe of products, from special collector packs, carrying cases and garages to lunch boxes, clothes and space exploration vehicles (including the space shuttle and one of last year's hottest toys, the JPL SOJOURNER MARS ROVER).

In an unending quest to stay on the fast track of boys' imaginations, HOT WHEELS cars have gone through loops, fought fires, changed colors, crashed into each other in mid-air and even raced through a volcano.

The HOT WHEELS line of vehicles has reflected every twist and turn of the American love affair with the automobile, from the Volkswagen Bug and the "muscle" cars of the '60s to today's most popular luxury and sports utility vehicles.

Mattel makes more than 1.5 million HOT WHEELS vehicles per week, with almost all of them manufactured at the company's huge factory in Malaysia. This year, the two billionth HOT WHEELS will roll down the line.

Despite its long history of thrilling kids and adults with its quality, variety and innovation, the HOT WHEELS team is constantly trying to top itself. Last year's red-hot product, X-V RACERS, with a "motor" inside that propels them at scale speeds of 500 miles per hour, will go off-road this year, with knobby tires that can handle the most hazardous road conditions.

HOT WHEELS will also get smaller and smarter this year, with PLANET MICRO, featuring tiny, cool-looking cars that have intricate detail and real working parts, and CYBER RACERS, the first HOT WHEELS with a computer inside to calculate the number of laps, fastest lap, fuel level and even engine temperature.

### INTO THE BIG HANDS

While the HOT WHEELS team works to create cars that little hands will be itching for, the brand is going after the big hands as well. HOT WHEELS has introduced a line of larger (1/24th-scale), more detailed cars called LEGENDS TO LIFE, each featuring working headlights, taillights, rumbling engine sounds and a digitally mastered audio soundtrack that captures the feel of the raceway. This year's LEGENDS TO LIFE offerings will include the Twin Mill and a detailed replica of the Hot Wheels NASCAR



▲ *The HOT WHEELS 30th ANNIVERSARY CARS line includes one classic model from each year of the brand's history.*

## MATTEL LEADS THE WAY WITH GLOBAL EMPLOYMENT STANDARDS

**M**attel employees often express pride in working for a company whose products have brought joy and wonder to millions of children for 53 years. With the recent introduction of Mattel's Global Manufacturing Principles (GMP), employees can also rest assured that the company is continuing its tradition of leadership in the toy industry by taking aggressive action to make sure its products are manufactured in a safe and ethical environment, one in which all of the company's employees are protected and valued.

Significantly, Mattel is also the first multinational consumer products company that has committed to independent third party auditing and monitoring of its facilities on a global basis.

The GMP, developed by a task force of Mattel employees last year, are a stringent set of safety and fair treatment standards designed to protect employees not only at Mattel's plants, but also those who work for primary vendors and joint partnerships in all parts of the world. These principles detail a strict code of conduct banning child and forced labor and establishing standards for issues relating to wages and hours, discrimination, freedom of association, working conditions, legal and ethical business practices, product safety and quality, environmental issues, and respect for other cultures and customs.

At the same time the GMP were being developed, Mattel performed a comprehensive review of both operating and personnel-related policies at its manufacturing facilities worldwide.

"We began the process by conducting reviews of our primary manufacturing facilities in the Far East even before the principles were finalized," said Frank Canko, vice president-Internal Audit. "Mattel didn't want to wait. The company was determined to be the leader in setting industry standards in this important arena."

To carry out the auditing process, a core group of approximately 30 employees from Mattel's Internal Audit and Operations departments from several Mattel plants, primarily in China, Malaysia and

Indonesia, began early last year to visit more than 200 vendors in Asia, as well as plants owned and operated by Mattel in the same region.

In addition, a core group of employees was trained to conduct audits of vendor plants used by Tyco and ARCOTOYS, independent of the main Mattel effort. (Fisher-Price vendors were part of the reviews conducted by Mattel.)

The purpose of these audits was to determine how manufacturers doing business with Mattel and its subsidiaries measured up against the high standards detailed in Mattel's GMP.

"We didn't discover any situations dealing with child or forced labor at any of our facilities in our audits in Asia," Canko related. "Primarily what we found were environmental and fire safety infringements. In these cases, our vendors were more than happy to cooperate with Mattel. In fact, they were actually eager to learn how to make their facilities safer and to improve working and living conditions for their employees. In a handful of instances we encountered vendors who resisted or refused to make

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*"We are as concerned with the safety and fair treatment of the men and women who manufacture our products as we are with the safety and quality of the products themselves."*

— Jill Barad  
Chairman and CEO,  
Mattel, Inc.



▲ *Mattel's Global Manufacturing Principles establish standards for wages and hours, working conditions, respect for other cultures and customs and other important issues.*

improvements. In those cases, we were forced to disassociate ourselves with those vendors."

Mattel's principles were developed to encourage responsible manufacturing business practices around the world, not as guidelines of punishment for vendors.

"However," said Joe Gandolfo, president-Worldwide Manufacturing Operations, "manufacturers that do not meet our standards, or refuse to take swift, corrective action to do so, will no longer work with Mattel."

The company's total commitment to its GMP includes development of a third-party independent monitoring system. This system is designed to publicly verify, through an objective panel of respected and independent individuals, whether or not Mattel is conducting its operations according to the standards established in the GMP. This effort is being spearheaded by Dr. S. Prakash Sethi of Baruch College, City University of New York, an internationally recognized expert on corporate governance and ethics.

Sethi has served as an advisor/consultant to various U.S. and multinational corporations in developing and implementing ethics programs. He has also worked for various United Nations agencies on economic development issues, and as an expert witness to various congressional committees.

In the past several months, Sethi has formed a fully autonomous panel of commissioners from the academic, business and human rights communities. The commission will conduct annual audits of a percentage of Mattel's manufacturing facilities to monitor compliance with Mattel's GMP and publish a report of its findings each year.

"The time has indeed come for global codes of conduct," said Sethi. "Multinational corporations cannot escape this challenge. This is especially true of the multinational corporations based in the United States."



▲ All Mattel employees around the world, including this young woman at her work station at the company's plant in Malaysia, benefit from the Global Manufacturing Principles.

Mattel has every intention of embracing the challenge of ensuring appropriate conditions for employees worldwide, particularly when it comes to enforcing laws against child labor. "Everyone at Mattel is firmly committed to this effort," said Canko. "This is an ongoing program. We want to set the highest possible standards in the industry and to continue improving conditions, not only in the Far East, but in all of our plants worldwide."

Last year, in addition to the Far East, Mattel audited vendor facilities in Europe. This year the company will be rolling out the program in the United States and Mexico, auditing its owned and operated facilities and those of its vendors. Mattel will also inform its worldwide licensees of the policies and develop a database of the licensees' vendors. Audits of these vendors will commence later this year or in early 1999.

"We will only work with vendors who reflect Mattel's business ethics and philosophy," said Canko. "Our own plants will also continue to improve through Dr. Sethi's recommendations and will be held up as showcases. These practices are extremely important from a

humanitarian standpoint, but they also make good business sense."

Perhaps Mattel's chairman and CEO, Jill Barad, sums it up best. "We are as concerned with the safety and fair treatment of the men and women who manufacture our products as we are with the safety and quality of the products themselves and our new Global Manufacturing Principles demonstrate our strong commitment to that philosophy," Barad said. "Mattel is committed to improving the skill level of the workers in our facilities so that they, in turn, will experience increased productivity and opportunities for themselves and their children." ◆

## A DAY IN THE LIFE

### Mattel sales representative stays busy keeping customers happy

**W**e all know Mattel products don't just jump onto retail shelves all on their own. Numerous departments work very hard every day to ensure Mattel's prime place in the world's toy stores and catalogs, but it's often the company's Field Sales representatives who put a human face on our combined corporate efforts.

*The personal interaction between retail buyers and Mattel Field Sales representatives is so important to the success of Mattel's sales efforts that we decided to spend a day with one of these busy people and share their experiences with you.*

*Like most of Mattel's sales people, Erika Ashbrook, senior account executive in Field Sales for the Southern region, works out of her home and her car in Dallas, Texas. She is responsible for the sale of girls' products to several major accounts, including J.C. Penney, Service Merchandise, the U.S. Army/Air Force Exchange, the U.S. Navy, and the U.S. Marine Corps.*

*Mattel's sales division is overseen by Fred Okun, executive vice president-USA Sales. The sales effort is divided by geography and accounts as follows: Milt Zablow, senior vice president-Sales, handles the Northeast and all Toys "R" Us accounts, while Peter Barbaresi, vice president-Sales, is responsible for Specialty Markets. Ramon Fuentevilla, senior vice president-Sales, is responsible for all other domestic accounts and Sales personnel, including Ashbrook's region in Texas.*

*"Mattel is proud to have, in my opinion, the best sales people in the industry," said Fuentevilla. "Our sales representatives are not only hard working, informed and motivated, they're also extremely professional. It's no secret that part of a sales person's success, and ultimately much of the company's success, depends upon personal and professional relationships developed by exceptional sales representatives."*

*In sharing her "day," Ashbrook noted that her schedule varies greatly, but here's how one typical day unfolded recently:*

5:15 A.M. TO 7:50 A.M.

*Wake up – rush off to the gym – drive back home – shower and dress – wake up the kids and get them off to school.*

*"I love working from home, but that doesn't mean I get to sleep in," says Ashbrook. "My son Sam is 9 years old and my daughter Kenly is 5. Naturally, I want to spend time with them in the evening, so I have a lot of incentive to begin my day early and get everything finished in order to be with my husband and children in the evening."*

7:50 A.M.

*Grab a cup of coffee, walk upstairs to "the office," wade through and respond to e-mail messages.*

*"My job involves a tremendous amount of e-mail communication," Ashbrook explains. "The questions never end – 'Where's my product?' 'I have an ad coming up, when will my order be shipped?' It's non-stop."*

8:15 A.M.

*Print out activity reports, review shipments and upcoming advertising commitments, follow up with the Release Planning Department on outstanding shipments.*

*"I continually check the flow plan and communicate with Mattel's Release Planning Department so I can intelligently inform customers on the status of their orders. It's important to me to assure them that they'll receive Mattel's products in time for their scheduled ad or promotion."*

9:00 A.M.

*Receive a call from a Service Merchandise buyer seeking shipping information on needed product. Fax information to her.*

*"Mattel is great about putting 'must arrive' dates on orders and making sure products are shipped on the fastest carrier in order to arrive on time. This is particularly crucial when a customer has placed an advertisement for Mattel product. As their account representative, I'm responsible for forecasting how much product the buyer will require, implementing promotions, making sure product is shipped in a timely manner, and basically managing the whole account. Our customers expect us to manage their business so they are never over or understocked in a particular item or brand."*

9:30 A.M.

*Drive to J.C. Penney for account call with Sandy, buyer of collector products for both the J.C. Penney catalog and retail outlets.*

*"I visit J.C. Penney as often as once a week because we sell our product to many different divisions within the J.C. Penney company – catalog, children, infant/preschool and collectible. They are headquartered in Dallas, which makes it easier to make weekly calls. However, my counterpart, Mark Smith, and I visit some customers on a less frequent basis, because they are located further away. For instance, the Navy's headquarters is located in Virginia Beach, Virginia, but we're continually in contact with them by phone, fax and e-mail."*

10:15 A.M.

*Review, item by item, all catalog and retail orders, shipments, monthly forecast of product needed by each customer and how available product will be allocated between customers. Discuss and adjust next month's forecast accordingly.*

*"Each time I visit a buyer for a particular account, I review their monthly forecast, their current point-of-sale (sales through the retail counter), and how much they expect to sell of a certain product in the coming month. We*



▲ *Erika Ashbrook spends a lot of time on her cell phone making sure her customers have what they need when they need it.*

look at the allocation of products, that is, what they are going to be getting and when. This information comes from our account flow plan that the release planners provide for each sales person on a monthly basis. Then we 'firm up' the forecast. If it looks like they will need more or less of a particular product, I change my forecast. If we are short on a critical item I inform Release Planning and work with them to get the additional product needed."

*Update Sandy on availability of product and allocation changes, review advertising and promotional plans for Mattel products in conjunction with J.C. Penney advertising and catalog plans. Present additional items previously not purchased and secure more space in catalog and print ads accordingly.*

"Another thing I try to accomplish during visits is to present new products for the buyer to purchase. Sometimes we introduce new product mid-year, and of course, there are always products that the buyer has passed on. I always prepare for a meeting by picking three or four items that I'm determined to sell to the buyer during the visit. These are generally additional stock keeping unit (SKU) items that we feel are important, but that the buyer has missed.

"I also try to secure as much additional ad space as possible. Retailers have a certain amount of advertising space allocated for toys, either weekly or monthly. This advertising space is allocated between the various toy companies they do business with. It's my responsibility to get as much of that space allocated to Mattel products as I possibly can."

12:45 P.M. TO 2:30 P.M.

*Hurry back to office to retrieve voicemail and return calls. Grab something to eat for lunch. Retrieve and answer loads of e-mail.*

2:30 P.M.

*Make forecasting changes from J.C. Penney meeting, including items added to advertising plan and catalog.*

"It's great when a customer decides to order a product that they previously passed on. I feel that a sales representative has to be enthusiastic about the product and be a self-motivator. When you get a 'no' answer, you have to be willing to persist. You may have to go back numerous times before you secure the additional items, ads or promotions you feel are important, both to your customer and to Mattel."

4:00 P.M.

*Call Krista, customer service representative, and review the Service Merchandise advertising items, as well as allocation and "must arrive" dates.*

"Sometimes I'll run into a brick wall when a customer wants something I can't get, or Mark Smith and I want to develop a special promotion, or we need more product. I spend a lot of time discussing my plans with Mark and my supervisor, Henry Del Castillo, vice president-Sales."

4:30 P.M.

*Get purchase order extensions from the buyer for Army/Air Force Exchange and e-mail to Charlotte, our customer service representative.*

"I have to continually be up-to-date on my customers' purchase orders and their expectations regarding shipping time. I want to avoid telling them I'll have a product to them at a certain time, having them place an ad, and then not come through. They have to trust me, and trust Mattel. They have to know we'll come through."

5:00 P.M.

*Open mail and answer or file accordingly. Answer voicemail, e-mail and tie up the day's loose ends.*

"There's a lot of energy involved in my job, so the work day goes fast. I like selling product, and one thing that's great about selling toys is that the product is always changing. It's a lot of fun because you always have new and exciting things to present. I used to sell paint, and if we had four or five new colors to present each year, we thought that was great! With Mattel, each time I go out to visit a customer, I have something new to show them, or a fun promotion to look forward to."

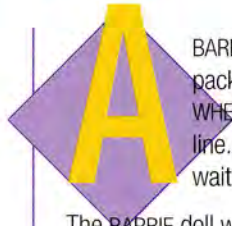
6:00 P.M.

*Work day completed!*

"The only drawback to working at home is that it's hard to leave it alone at the end of the day. The phone rings at all hours and I always want to deal with things as they come up. Or if some small detail is bothering me, I'm tempted to go back upstairs and take care of it, to get it off my mind. But overall, it's great working at home. I feel very lucky to work with such wonderful people. I've learned a lot, and I learn more every day." ◆

## KEEP IT MOVING

*U.S. distribution centers get right product to right place at right time*



BARBIE doll is sitting pretty in its package, ready to be sold. A HOT WHEELS has rolled off the production line. Winnie the Pooh is ready and waiting to be cuddled by little arms.

The BARBIE doll will eventually wind up in the hands of a happy little girl in Nevada. The HOT WHEELS will speed along a track in a little boy's bedroom in New York. And Pooh will make his home in the crib of a newborn baby in Florida.

But while all of these products are manufactured at different plants around the world and will end up in different hands, they all have something in common: before they reach their final destination, they will pass through one of Mattel's four U.S. distribution centers.

All of the millions of Mattel products that are sold in retail stores every year are processed through one of the company's distribution centers, often referred to by employees as simply "D.C." The centers

receive the product directly from the manufacturing plant, group them with other products that may be going to the same store or customer location and schedule the appropriate mode of transportation.

### HEART OF LOGISTICS

"The distribution centers are really the heart of the Mattel logistics organization process," said Jeff Douglas, senior vice president-Worldwide Logistics and Customer Administration. "They are the vital link between our factories and our retail customers. In the Logistics Department at headquarters, we track all the product and determine where it needs to go and when. But the people at the distribution centers are the ones who really make it happen."

What does it take to get millions of cartons to thousands of stores? Three words: Organization, planning and good execution.

"Time is always of the essence when we are moving product," said Douglas. "The sale of a product is not officially recorded in the company's books until that product actually leaves a distribution center. That's why the centers are especially busy near the end of each quarter, and we are incredibly busy at the end of the third quarter, when we are getting all of our holiday product shipped."

Not only is getting the product out quickly and efficiently essential to Mattel's bottom line, it is also a cornerstone of the company's commitment to its customers. "Service to our customers is the number one priority," said John Tauscher, managing director-Distribution Operations, who oversees Mattel's two largest distribution centers as well as other facilities. "Our biggest facilities store over 1,200 SKUs (stock keeping units) to meet our customers' demands, so we can get them the product they need when they need it. Our challenge is to keep up that level of service and also move product in the most cost-effective manner."

Each of the four distribution centers in the United States services a different geographical region, and handles specific product lines.

▼ *Clamp truck driver Frank Cruz lends some perspective to show the enormous size of Distribution Center West.*





## MILLIONS OF CARTONS

The two largest of these is Distribution Center Southwest, located in Fort Worth, Texas, where Tauscher is based and which distributes product to the 33 states in the U.S. midwest and east coast regions, and the Distribution Center West, serving the



*"The amount of organization has greatly increased over the years. Now we have a system we can all work with."*

— **Louis Meraz**  
*Lead,  
D.C. West*



remaining 17 western United States from its location in the City of Industry, Calif., about 35 miles northeast of corporate headquarters.

The D.C. Southwest facility encompasses 508,000-square-feet, while D.C. West has 620,000-square-feet of space. Together these two anchors of the distribution system shipped more than 22 million cartons of Mattel products last year. The remaining product is distributed through the Chino, Calif. D.C., which handles ARCOTOYS and TYCO Preschool products throughout the United States, and the D.C. in Fort Wayne, Indiana which ships POWER WHEELS exclusively.

D.C. West is the oldest in the system, having been established in 1969 as the company's first distribution center. A visitor to D.C. West is immediately struck by the sheer size of the place. Imagine a room big enough to house two football fields placed end-to-end, and that's just the shipping area, which has enough loading doors to accommodate 100 trucks. The receiving side of the building has 20 doors, and during the last two weeks of the third quarter, every shipping and receiving slot is full.

"There was one day in last year's third quarter end that this facility moved 200,000 cartons in one day, 403,000 in two days," said Bill Leahy, director of Distribution Center West. "Thankfully, that kind of traffic happens only once a year, but we have to be able to handle it."

## DIVERSE CHALLENGES

The pre-holiday crunch is just one of the many variables that the staffs of the distribution centers have to accommodate. In fact, if you ask people who work at a D.C. what they like most about working there, they will invariably mention the variety of the challenges.

"I like the diversity of what we do," said Sue Matson, a supervisor who oversees the customer service functions at D.C. West. "It's different every day. No two days are alike, and eight hours feels much shorter than eight hours because there's so much to do."

The key element that has changed and shaped the distribution operation the most over the years is "systems automation," the use of computer software to inventory product and track its movement. One of the most

important of these systems is Distribution System for Transportation (DST).

DST is the computer program that is used to route product from the manufacturing plants to the customer. DST tracks customer orders and matches them up with product as it is actually received, collating the product into full and partial truckloads with common destinations.

For instance, if two orders are headed for a Toys "R" Us in Chicago, DST alerts the D.C. staff that they can be combined into one truckload. Not only does DST aid in the formation of shipments, it also tracks the capabilities and schedules of the private trucking companies that Mattel uses to get its product to its retail customers. DST is also used to create all the back-up paperwork required for delivering product, including shipping labels and other documentation.

D.C. staffers use the information provided by DST and other system tools, including OMNI and MIMICS, to make up each day's "release."

The release is the line-up of product shipments scheduled for that day. On busy days, there can be more than one release, and on really busy days, there can be many.



▲ *On-board technology helps clamp truck drivers find the product they need in the vast warehouse.*

## WORKING IN REAL TIME

"The DST release is one of the final steps in a sophisticated computer system that tracks product from the original factory order to delivery to the customer," said Margaret Berger, director of the Chino Distribution Center. "This allows us to conduct our busi-

## EMPLOYEE PROFILE: *'Miracles on ice'*

**F**or Tom Graham, Western New York's chilly winters are nothing to complain about. In fact, nippy temperatures are a necessity that allows him to spread his unique brand of warmth.

Graham, a senior technical systems analyst at Fisher-Price headquarters in East Aurora, spends every Saturday morning, six months out of the year, teaching children with disabilities how to ice skate. He has done so for the past seven years as a volunteer for the Skating Association for the Blind and Handicapped (SABAH).

"Actually, despite the name of the group, we never say 'handicapped' children," Graham explains. "They are children first, who just happen to have a handicap. We refer to our kids as 'SABAH Stars.'" SABAH Stars are kids who are physically, mentally or emotionally challenged by such things as Down's syndrome, cerebral palsy, mental retardation, spina bifida,

blindness, deafness, emotional or learning disabilities, or who have undergone heart or lung transplants.

Graham is one of 1,200 volunteers at six ice skating rinks in western New York who work with 750 SABAH Stars. These volunteers teach SABAH Stars the fundamentals of ice skating and teamwork, and help them to understand that they are really no different from anyone else in their need to tackle new challenges.

"What children with handicaps need most is not pity, but love," Graham states. "They

need to be treated with respect and human dignity. They have no less a need for dignity as anyone else."

Each volunteer works one-on-one with a Star for the entire season. "We help them get on the ice, help them skate, even hand them a tissue when their noses run – it gets pretty cold at the rink," says Graham.

Volunteers and SABAH Stars spend much of their time practicing for their annual ice show, sponsored by donations from individuals, companies and foundations. (The Mattel Foundation is a major contributor to SABAH, and Fisher-Price donates products for an annual auction which raises funds for the organization.) The ice show gives the kids a chance to show off their new-found skills to their families and the community.

"Children with handicaps, in many cases, have very low self-esteem because they see only the strongest and best-looking people in the media, and they compare themselves as students, playmates and athletes with their peers who don't have handicaps," says Graham. "The SABAH program is designed to raise the self-esteem of SABAH Stars. At the end of our ice show, every SABAH Star receives the same gold medal. No one finishes second, no one finishes last. All SABAH Stars finish first."

Many SABAH Stars who have cerebral palsy must wear ankle/foot orthotics to support their legs. When they ice skate, they have to work much harder than children who have full use of their limbs. The children get a tremendous physical workout because of the extra effort they expend to balance themselves on ice skates.

"Each time we meet at the rink, after we go out on the ice to skate, we all raise our right hand and say 'I can do it.' Then we raise our left hand and say 'I can skate,'" says Graham. "This gives all of us inspiration and resolve."

Eddie, a child with Down's syndrome, has been particularly inspiring to Graham, who has watched his extraordinary progress over the past seven years. "Eddie's mother was told he would probably never walk," says Graham. "She would find his foot near his face in the morning in his crib because his hip was so dis-jointed. She brought him to SABAH and he was placed in a harness. I worked with Eddie, along with other volunteers, helping him to move his feet on the ice. Eddie is 10 years old now, and he's progressed to the point where he can run and play soccer. He even played in a 'normal' youth ice hockey program recently."

For his impressive efforts, Graham was recognized as the "Adult Volunteer of the Year" at the Hamburg Ice Rink near East Aurora in 1992; and in 1997, he was named one of two overall SABAH "Volunteers of the Year." In addition to his duties as an instructor at the Hamburg Ice Rink, Graham has also spoken to community groups on numerous occasions to gather support for the organization.

According to Elizabeth O'Donnell, SABAH president and founder, Graham can always be counted on to go that extra mile. "He has taken his personal vacations to coincide with SABAH seminars so



▲ *Tom Graham helps a SABAH star enjoy the fun of ice skating.*

► *DISTRIBUTION CENTERS (cont. from page 9)*

ness with real-time logistics, meaning that the information we have about a shipment is, in most cases, accurate today, right now. Prior to the extensive computerization we have now, product would arrive and it would have to be logged in by hand. It could be a day or longer before we matched it up with a customer order."



▲ *Mixes of product for special promotions are packaged together at the Distribution Centers, raising the level of service to the customer.*

Louis Meraz, a lead at the D.C. West and a 29-year Mattel veteran, agreed that computers have made the job much easier. "The amount of organization has greatly increased over the years," he said. "Now we have a system that we all can work with."

The floor of D.C. West, like those of the other distribution centers, shows the signs of just some of the planning and organization that goes into every step of the distribution process. On the shipping side of the building, numbered lanes painted on the floor tell workers where to stage products destined for a certain truck.

The warehousing section of the building, which takes up most of the floor space of the huge facility, is laid out in an elaborate grid system that identifies location number, slot space and the height of the product stacks. This mapping system helps workers find the product they are looking for.

But how do you keep all of that information in mind when you are in search of something in particular? Fortunately, the people moving product around the distribution center don't have to. A new system utilizing radio frequency technology onboard their clamp truck does the tracking for them. They just punch in the product code and the computer tells them where the product is located and even how it is stacked.

### ADDING VALUE

Receiving, warehousing and shipping of product are not the only functions that take place at a D.C. For instance, one section of the D.C. West facility is dedicated to customer service and assembly. When product is returned to Mattel for whatever reason, whether from stores or consumers, inspectors at D.C. West evaluate it to see if it contains a defect or if it was damaged by consumers or at the retail end.

Both the Southwest D.C. and D.C. West have Promotional Assembly areas in which special assortments, pre-packs and special displays for specific promotions are put together. Such special handling of product is just one more way that Mattel uses the distribution centers to provide extra value to its customers.

Mattel is looking to bring that value to its customers in Europe as well as the United States. In an effort to move the company toward a centralized distribution network in Europe, the existing Northern Distribution Center, located in the Netherlands, will be joined this year by a new distribution center in Lyon, France. These centers will work in conjunction with existing regional distribution operations to control the flow of product throughout Europe.

"You can't look at distribution as just moving product," said Tauscher. "It is a service that adds value to our product, and our customers are only going to be looking for more of that value in the future. The more efficiently we move product, the more responsive we can be to the market and our customers." ◆

▶ *EMPLOYEE PROFILE (cont. from page 10)*

he was able to be on hand around the clock to help," says O'Donnell. "Tom is always encouraging, always patting his students and fellow volunteers on the back, always ready with high-fives, hugs and shouts of encouragement."

Clearly Graham gives his all for SABA, but what does he get in return?

"When the U.S. ice hockey team beat the USSR at the 1980 Winter Olympics, it was called a miracle on ice," says Graham. "But when I see a volunteer take the hand of a Star partner and go out on the ice to skate – then watch as that Star progresses to skate on his or her own – that's a real miracle. I'm lucky. I get to see miracles on ice every week." ◆

▶ *HOT WHEELS (cont. from page 3)*

race car driven by Kyle Petty.

The HOT WHEELS-NASCAR connection also continues with the TEAM HOT WHEELS PRO RACING collection, which last year burned rubber at retail with authentic replicas of real NASCAR race cars. This year, HOT WHEELS PRO RACING will debut basic NASCAR playsets, PRO RACING X-V RACERS and a DELUXE PIT CREW PACK that recreates the excitement of a NASCAR pit area.

"With the sponsorship of the Petty car and our licensing efforts that have taken us into clothes, hats and other memorabilia, we want people to see HOT WHEELS as something cool for kids and adults," said Tom Delaney, the senior product manager who is coordinating the 30th anniversary promotions. "It's a fun part of life, not just a fun part of a kid's life."

With HOT WHEELS capturing back its first generation of customers at the same time that it thrills the current crop of youngsters, one can only imagine what that third generation has to look forward to. X-V RACERS that go faster than the eye can follow?

Collector cars with working V-8s? Alien spacecraft that actually hover?

HOT WHEELS fans will just have to keep their eyes on the road, grab onto the steering wheel and hang on.



▲ *Larry Wood, one of the early HOT WHEELS innovators and currently the brand's chief designer, takes some product for a spin at the New York Toy Fair party celebrating the 30th anniversary.*

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