

Clothing and other products sold by EarthWear are developed by the company's design department. All goods are produced by independent manufacturers, except for most of EarthWear's soft luggage. The company purchases merchandise from more than 300 domestic and foreign manufacturers. For many major suppliers, goods are ordered and paid for through the company's electronic data interchange (EDI) system. The computerized inventory control system handles the receipt of shipments from manufacturers. Goods are received at the receiving department, where the information is agreed to the purchase order (receiving report) and entered into the inventory control system.

The company's sales representatives enter orders into an online order entry and inventory control system; customers using the company's Internet site complete a computer screen that enters the orders. Computer processing of orders is performed each night on a batch basis, at which time shipping tickets are printed with bar codes for optical scanning. Inventory is picked based on the location of individual products rather than orders, followed by computerized sorting and transporting of goods to multiple packing stations and shipping zones.

* For simplicity of presentation, we have not included inventory processes at EarthWear's outlet stores.