

Data Analysis

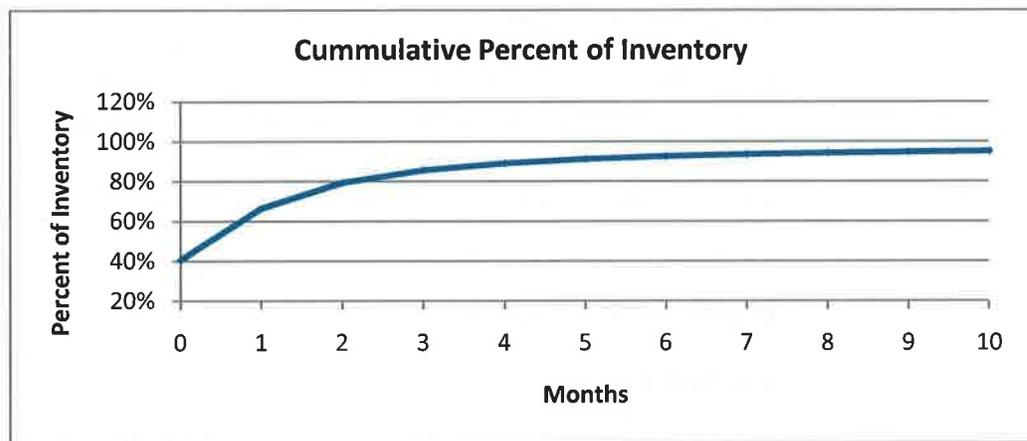
Aging

The graph below summarizes:

80% of the inventory is less than 2 months in age

The inventory for the rest of the year or 10 months account for 16% of the inventory

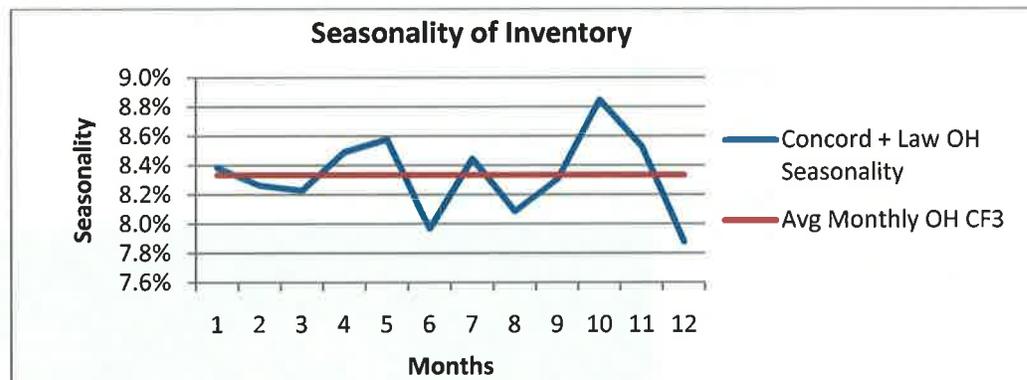
year on out is 4% of inventory



Potential for reducing inventory on hand for 2 months plus or 20% of the inventory would save storage costs

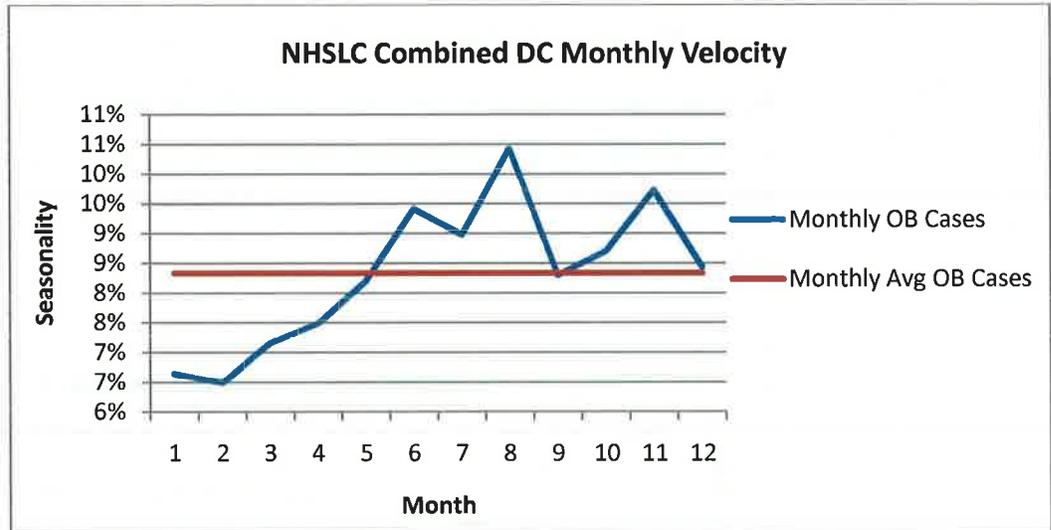
Inventory

Peak inventory is in October and is 6% higher than average



Velocity

Peak Velocity is in July and is 25% higher than average



Profile and Assumptions

Key Profiles

Inbound 43% palletized, 45% slip-sheet, 12% floor loaded

Accommodation for all industry standard packaging configurations

4,890,479 cases outbound year 1

0.7 cube per case

9 units per case, 65 cases per pallet average

Peak pallet on hand is 14,080

10,009 SKUs on hand

Below is year on year impact:





(confidential commercial and financial information redacted)

Detail Profile

Profile used to budget solution below:

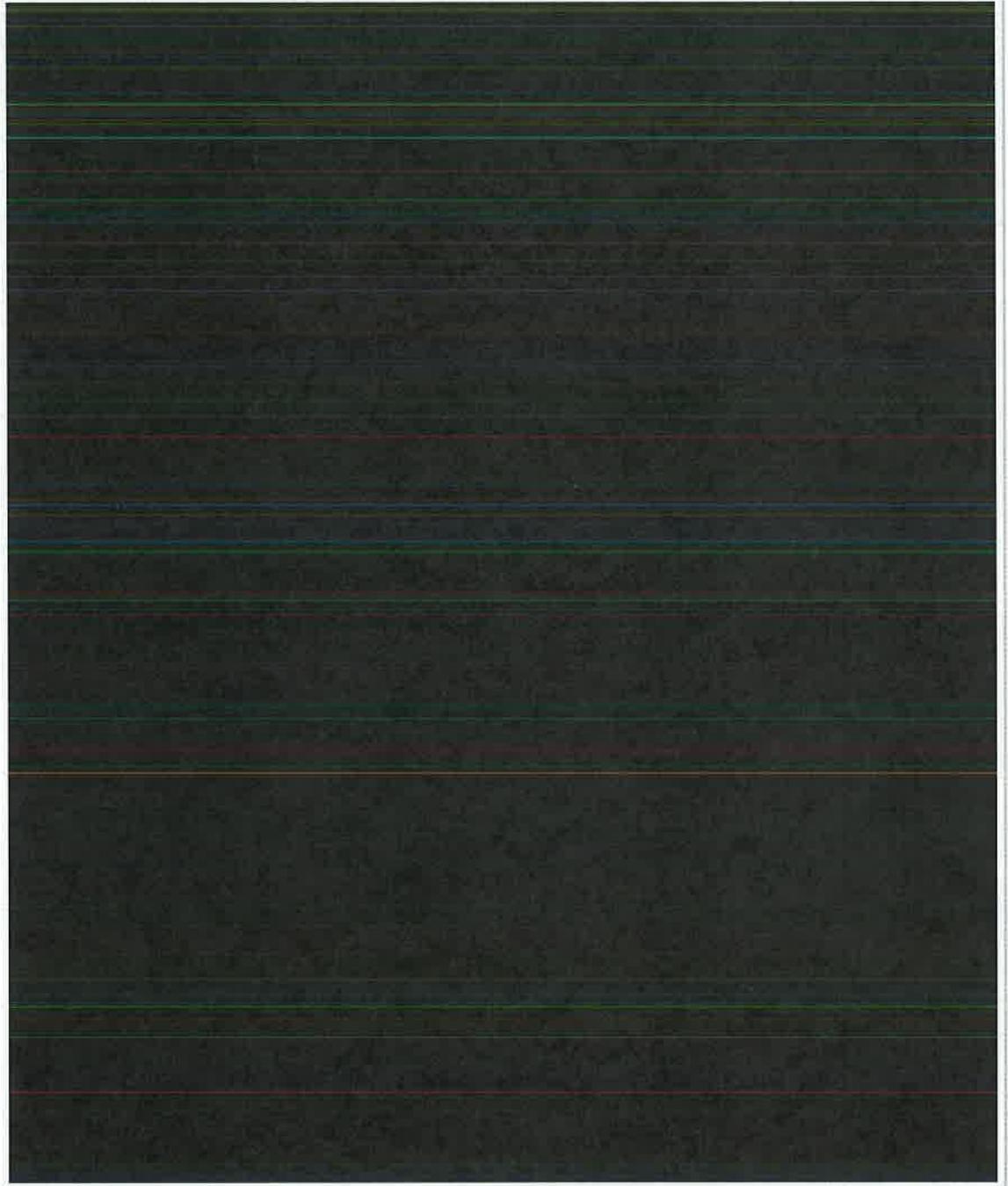
GENERAL	
Store Count	77
Cube per Carton	0.7
Weight per Carton (lbs)	32.5
INBOUND	
Inbound Receipt Type	75,238
Palletized %	43%
Slip-sheeted %	45%
Case loaded %	12%
Palletized	2,084,814
Slip-sheeted	2,197,246
Cases receipt	608,419
Annual Cartons	4,890,479
Annual Cube	3,423,335
IB Cube per Pallet	46
IB Cases per Pallet or Slip-Sheet	65
IB Equivalent Plt	75,238
INVENTORY	
Inventory Weeks on Hand (WOS)	8.6
Annual Inv Turns	6.1
Average Inventory Cartons	805,492
Peak Inventory Cartons	915,230
Peak Inventory Cube	640,661
Peak Inventory Pallet	14,080
Peak SKUs on Hand	10,009
Inventory peak-to-avg ratio	1.14

OUTBOUND	
Annual Unit Picks	967,285
Unit Pick SKUs	3,540
Units per Case	9
Peak-to-average ratio	1.25
% Licensee	56%
% Store	44%
Store	
Line/Order	198.70
Case/Line	1.28
Licensee	
Line/Order	37.30
Case/Line	1.20
Returns	780
SEASONALITY	
January	6%
February	6%
March	7%
April	7%
May	8%
June	10%
July	10%
August	10%
September	9%
October	8%
November	9%
December	10%



Process Flow

Process flow of operation below:



(confidential commercial information redacted)

Concept of Operations

Receiving

Receiving capacity will ensure prompt unloading of product within two hours of arrival

Product unloaded from trailers using fork lift trucks:

All inbound loads will be scheduled

Inbound loads will check in with guard house and be directed to a specific door

[Redacted text block]



[Redacted text block]

(confidential commercial information redacted)

Unloader will

Open door and place leveler

Unload palletized product with a counter balance and drop in the appropriate staging lane

Floor loaded product will first be palletized

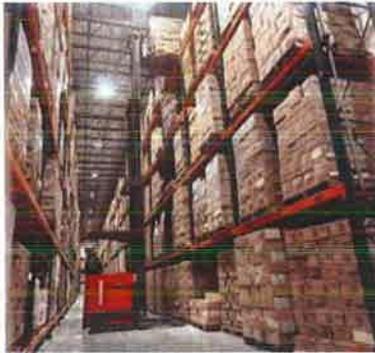
Receiver will

Collect required paper work, labels, PO's , etc from office

[Redacted text block]

Putaway

[Redacted text block]



(confidential commercial information redacted)

Storage

Product is stored between 45 and 85 degrees Fahrenheit

A specific temperature controlled storage area of 5000 square feet will hold selected products at 55 degrees Fahrenheit

Exel's expertise allows for a Customs Bonded area to be setup within 60 days.

The warehouse has specific isolated areas for special statuses, such as returns.

Replenishment

[Redacted text block]



[Redacted]

[Redacted]

(confidential commercial information redacted)

Case Pick

[Redacted]

[Redacted]

[Redacted]



The productivity was engineered for both manual and laser truck



[Redacted line of text]

[Redacted line of text]

Bottle Pick

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

Consolidation and Secondary Audit

[Redacted line of text]

[Redacted line of text]

[REDACTED]

(confidential commercial information redacted)

Loading

Associate will collect paperwork with loading instructions before loading commences

These loading instructions will be complete with information on the loads contents

Loader will ensure all bottle picked, case picked and full pallet pick product has been properly merged up at the shipping dock



Pallets will be collected from the dock by FLT driver and moved to the outbound truck

Outbound product will be consolidated by route restacked or even floor loaded if necessary

Forklift operator will close trailer and warehouse door

Inventory Control

Ongoing cycle counting is industry best practice and will audit each storage location once per quarter negating the need for periodic full physical audits. Specific physical inventories, for instance by Supplier, can be requested.

All cycle counting, bay counting and physical inventory programs will be completed through the Inventory Control group and utilize RF technology.

Items with variances are researched and resolved on a timely basis. Root causes analysis of each variance and action steps to prevent future occurrences will be provided for each adjustment made.

The Inventory Control process within the WMS is used to track, move, recall product, and to provide inventory records of item quantities, locations, transactions and histories.

The Inventory Control group will be responsible to manage 'put away' rules, SKU slotting, cycle count methodology, and damages.

By way of the WMS, the direction to reserve through product characteristics, such as value/security; weight; physical dimensions; packaging / plastics; reserve prioritization (deep vs. local) etc



Periodic reviews that each SKU is being stored and picked appropriately (Why in an LP1 slot when an LP2 will do, etc), and will proactively move items to more appropriate locations as required,

Damages, product recalls, FIFO rules, adherence to temperature control requirements, positioning within the high value area.

Allow limited Cycle Counting during operations by way of 'warehouse floor portable' type 'live' controls with most IC team functions being undertaken 'off-picking-shift'

Ensure product data file accuracy, including product dimensions, TiHi, new SKU listings, de-listings, seasonal product, accessories etc

Define Min / max quantities for Replenishment by SKU

Operational Clock

Monday-Friday Operational Clock shown below:\

Operations may be extended to accommodate peak periods or holidays

Activity Time of Day	First Shift														Second Shift										
	0:00	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	
Receiving																									
Receiving Putaway																									
Order Entry																									
Transportation Planning																									
Order Release																									
Replenishment																									
Order Assembly																									
Loading																									
Shipping																									
Cycle Count																									

Facility Design

Facility Sizing

Below is the calculated square footage requirement for first year and key parameters:

Based on 41' clear building



15% cross aisle and column factor

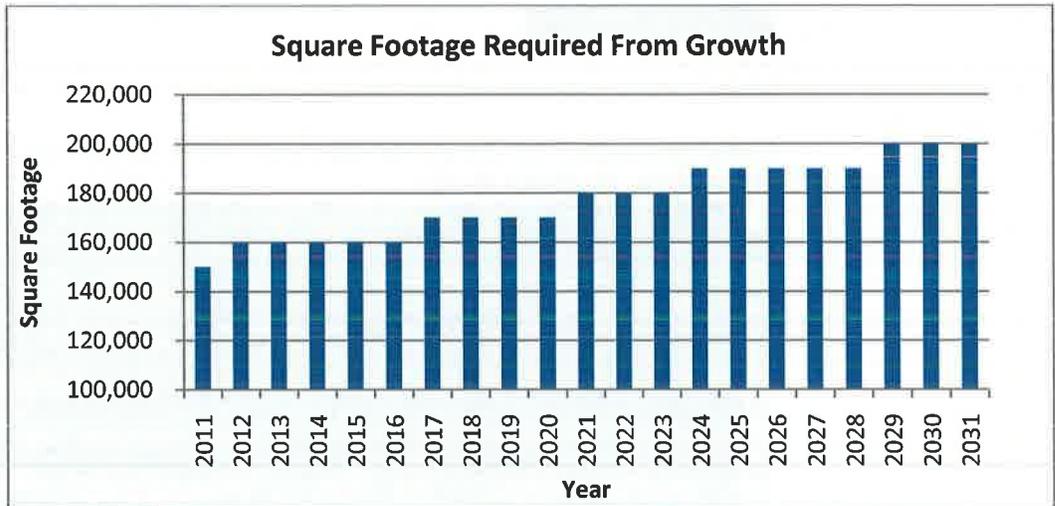
Utilization factor based on storage type (80% for single and double deep, 65% for hand stack)



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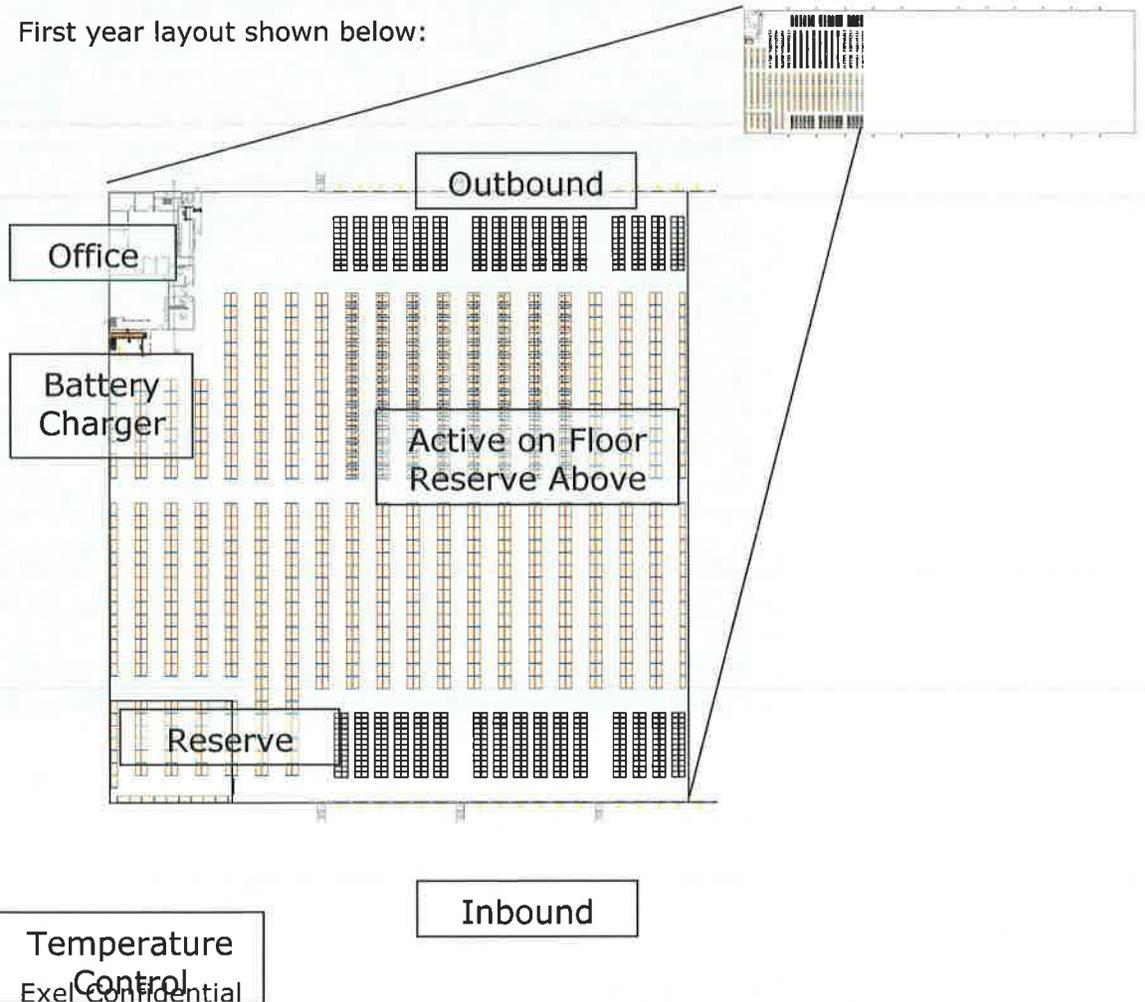
Based on year on year inventory growth of 1.9%, 200,000 square feet is required in year 20

(confidential commercial information redacted)



Conceptual Layout Design

First year layout shown below:



Real Estate

Building Selection

Real estate search resulted in 2 buildings found and compared it to a build to suit (BTS) alternative:

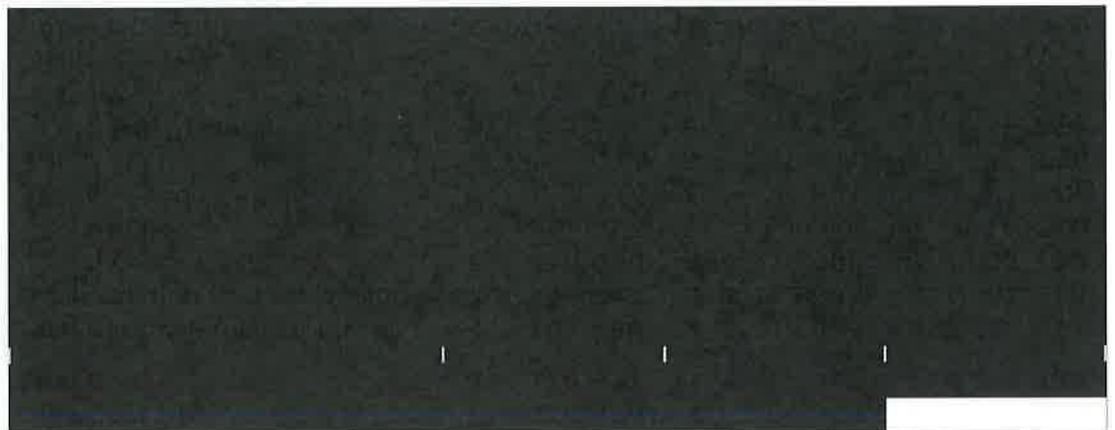
100 Ledge Road, Seabrook, NH:

41' building clear high

59 Daniel Webster Highway, Merrimack, NH

22'-32' clear high

In order to determine the best location, transportation, wage and warehouse cost is considered:



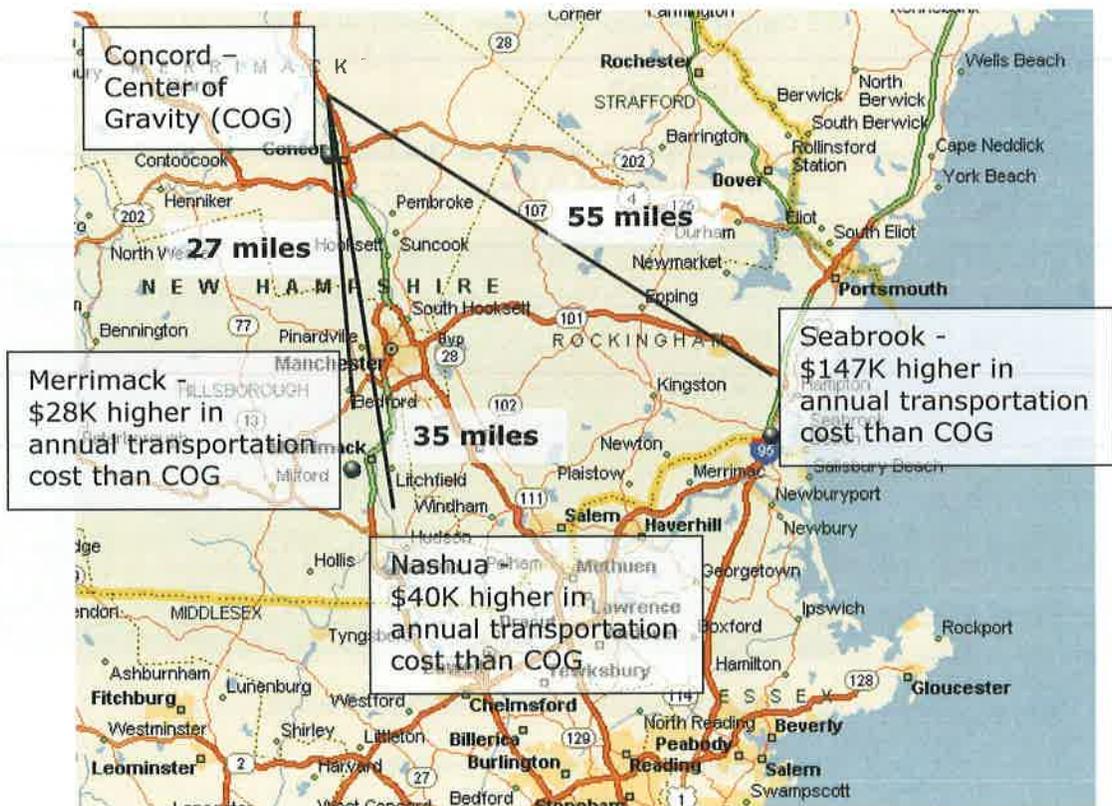
(confidential financial information redacted)

Seabrook is lowest in total cost. Notes:

Because the Seabrook building is 41' high, pallets are storable at 7 high, thus the total square footage saved instead of a 30' high building is 50,000

The transportation analysis used store locations only at \$2 per mile plus \$75 per stop

Below is the map of the possible location and distances:



Seabrook building is 1.2 paved miles away from I-95:



Seabrook specification:

495,000 square feet available and divisible

56 dock doors and is divisible

41' clear

400' X 1250'

50 X 50' column spacing

We would require:

150,000 of the space for year one

At least 16 docks

At least 2 dock door for licensee traffic



At least 12 trailers parking in yard

Specifications outlined from NHSLC

Automation Analysis

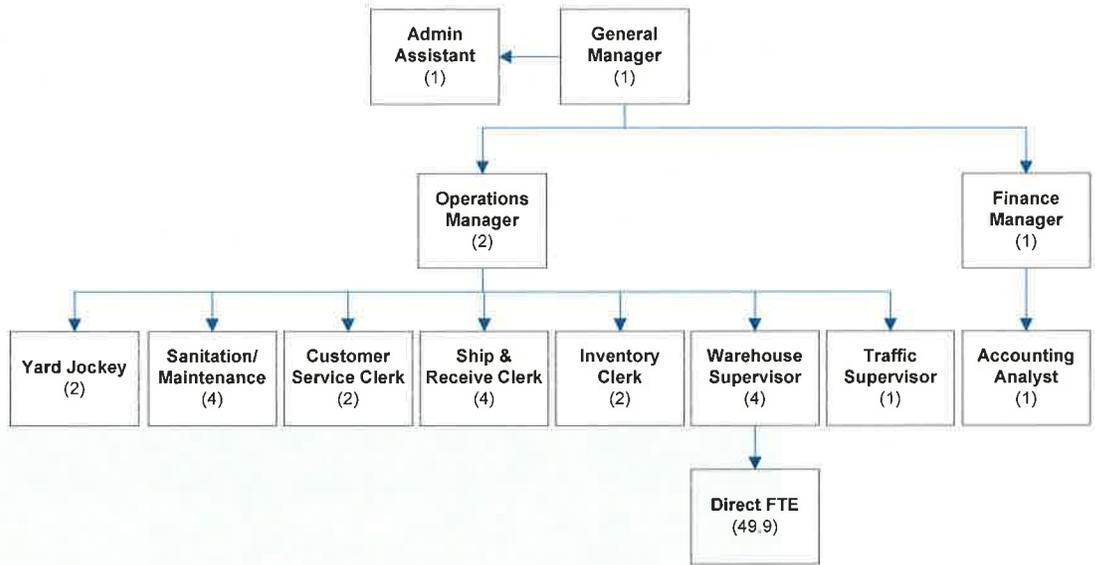
[Redacted text]

[Large redacted area]

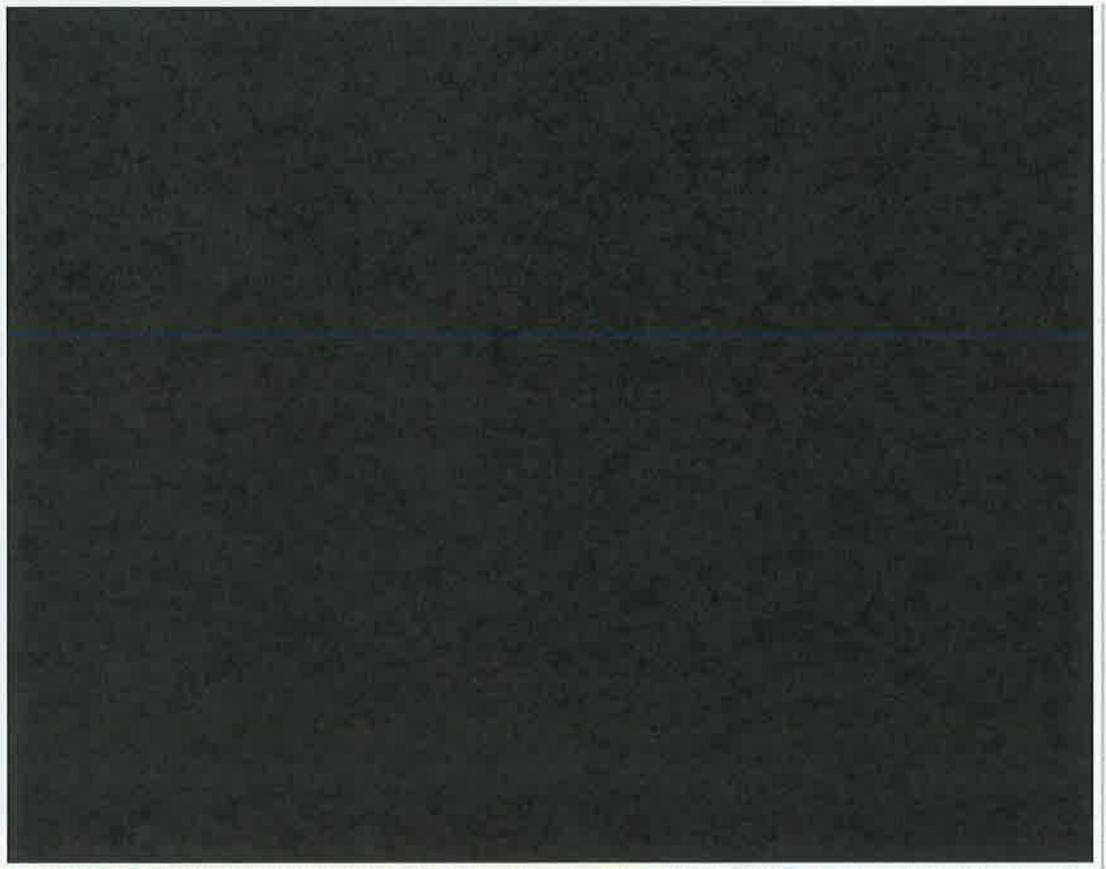
(confidential financial information redacted)

FTE Summary

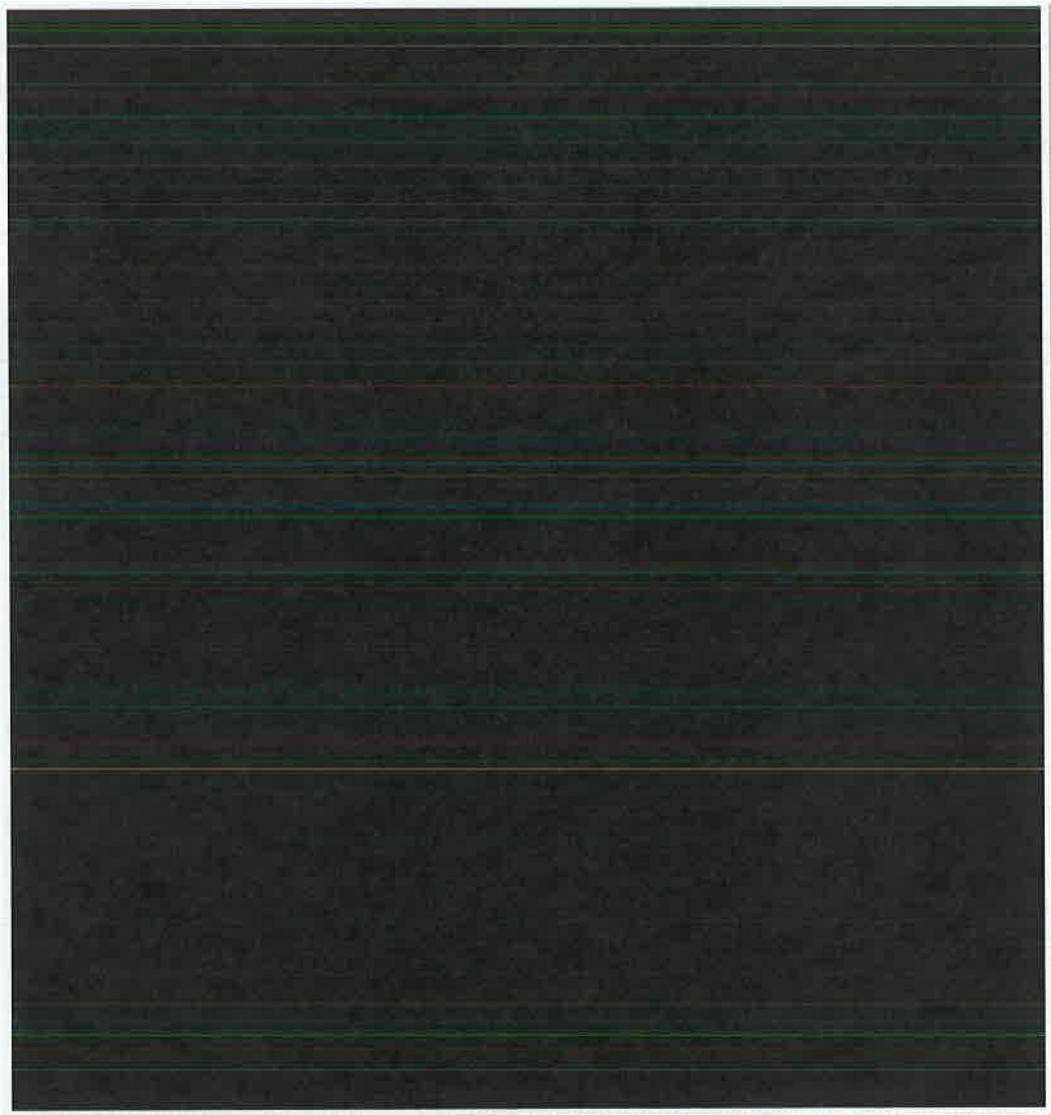
Organizational Chart



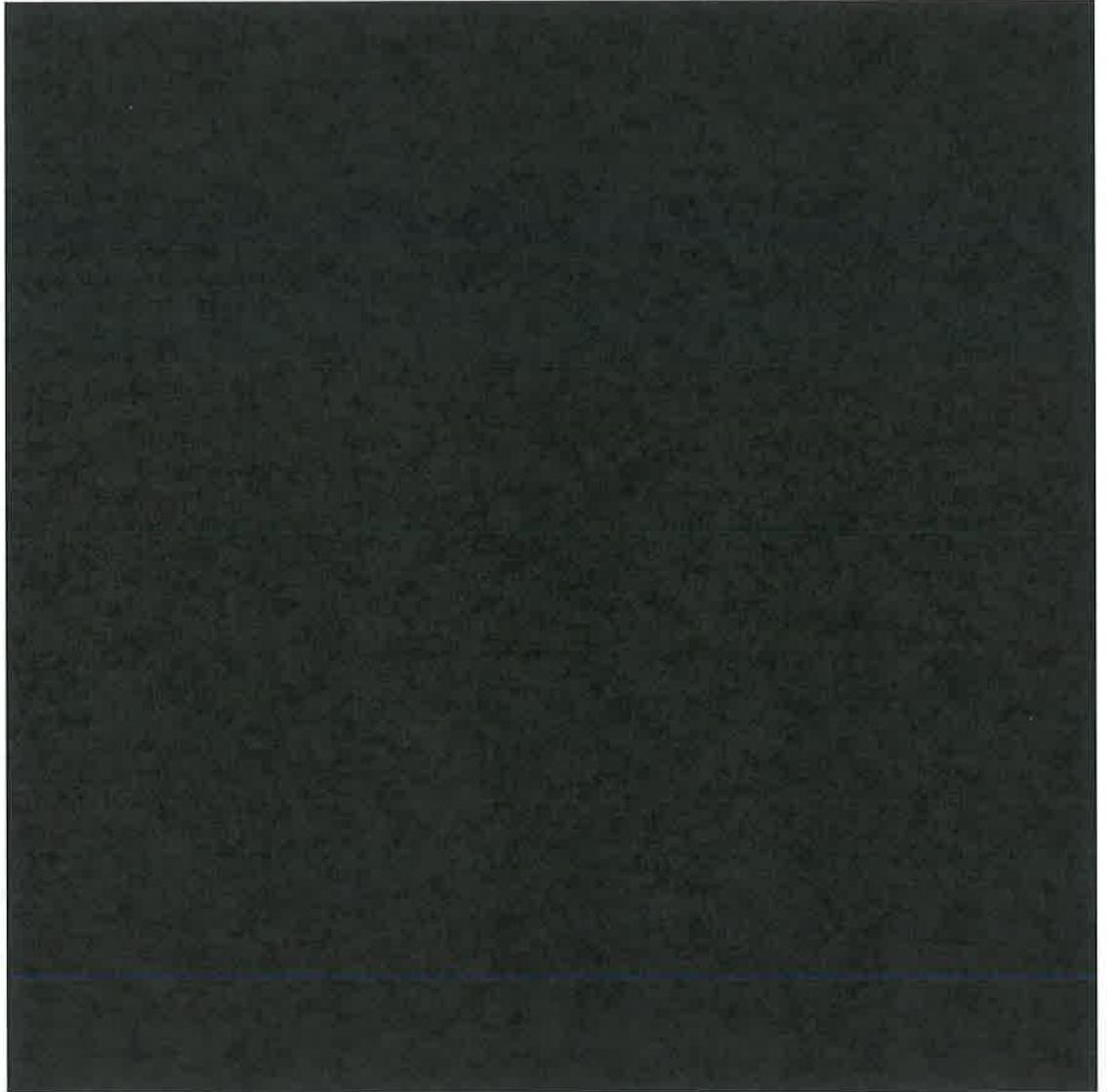
Direct FTE productivities and activities



(confidential commercial information redacted)



(confidential commercial information redacted)



(confidential financial information redacted)



Trailer and Container Acceptance SOP Example

1.0 PURPOSE

This work instruction documents the steps required to successfully perform the process of accepting a booked inbound Trailer or Container and removing the seal.

2.0 SCOPE

This work instruction shall apply to all team members assigned the task of accepting a booked inbound Trailer or Container and removing the seal within the Exel Member Company facility

3.0 DEFINITIONS

- 3.1 Receiving Worksheet** – Worksheet used by offloading crews to tabulate container or trailers content.
- 3.2 Seal** – A device used to seal the rear doors of a trailer or container. Usually contains a specific and unique number that is recorded on accompanying paperwork.
- 3.3 Manifest** – A Manifest is a document that accompanies an inbound shipment and details the contents of a trailer or container. This may be the document that contains the seal number.
- 3.4 B.O.L.** – A Bill of Lading is a document that is used to record/acknowledge receipt of a trailer or container. The number of cases received on that unit is recorded on this document and returned to the driver or carrier upon completion of receipt. This document can be the original or a Photocopy. Drivers usually supply this document. This may also be the document that contains the seal number.
- 3.5 Customs Document** – Official Government document that accompanies loads dropped off within the Exel Member Company facility. It details the shipment and may be the document that contains the seal number.
- 3.6 Unit** – Trailer or Container containing goods to be received at Connect Logistics.
- 3.7 URS** – Unit Receiving Schedule is a document that contains the daily bookings for inbound receipts. This document is to be used to verify that an arriving trailer is booked for that day.

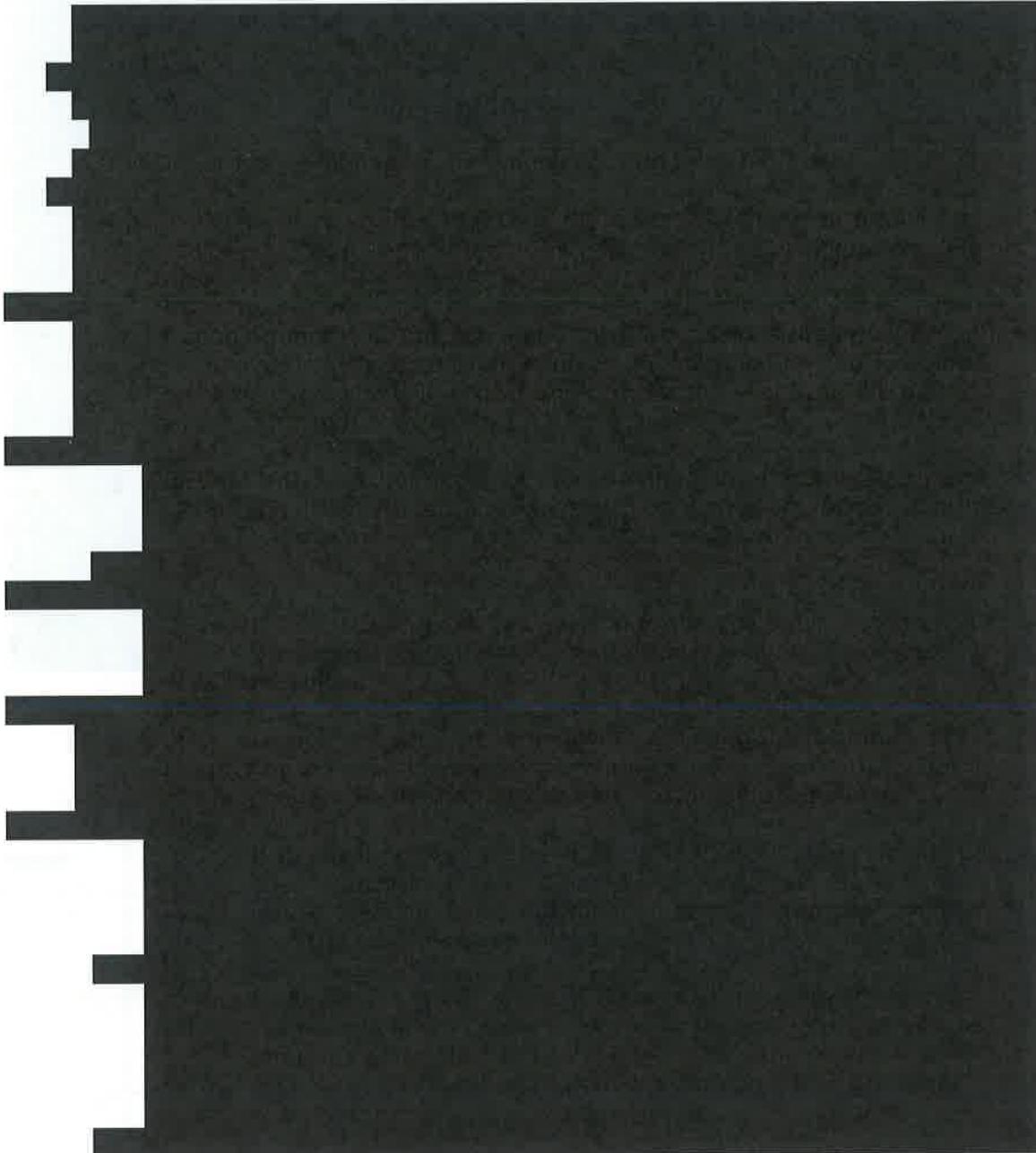
4.0 REFERENCE DOCUMENTS



4.1. Documents

4.1.1. 5104-5260-52-09-02-0015 Unit Receiving Schedule

5.0 PROCEDURE





[Redacted content]

(confidential commercial information redacted)

6.0 APPROVALS

Name/ Title	Signature	Date
Receiving Manager		
General Manager Operations		
Quality Assurance Representative		



Effective Date		
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7.0 REVISION HISTORY

Work Flow Example for Receiving



(confidential commercial information redacted)



Site Level General Security Requirements

8.0 PURPOSE

This procedure establishes the standards required to successfully establish a site level security program. This document is intended to ensure that a proactive security program is developed and implemented at the site level, with a specific focus on minimizing security risks and business losses, and in compliance with all applicable local community and country laws and regulations.

9.0 SCOPE

This document shall apply to all sites and associates with the Exel Supply Chain in the in the US and Canada.

10.0 DEFINITIONS

None

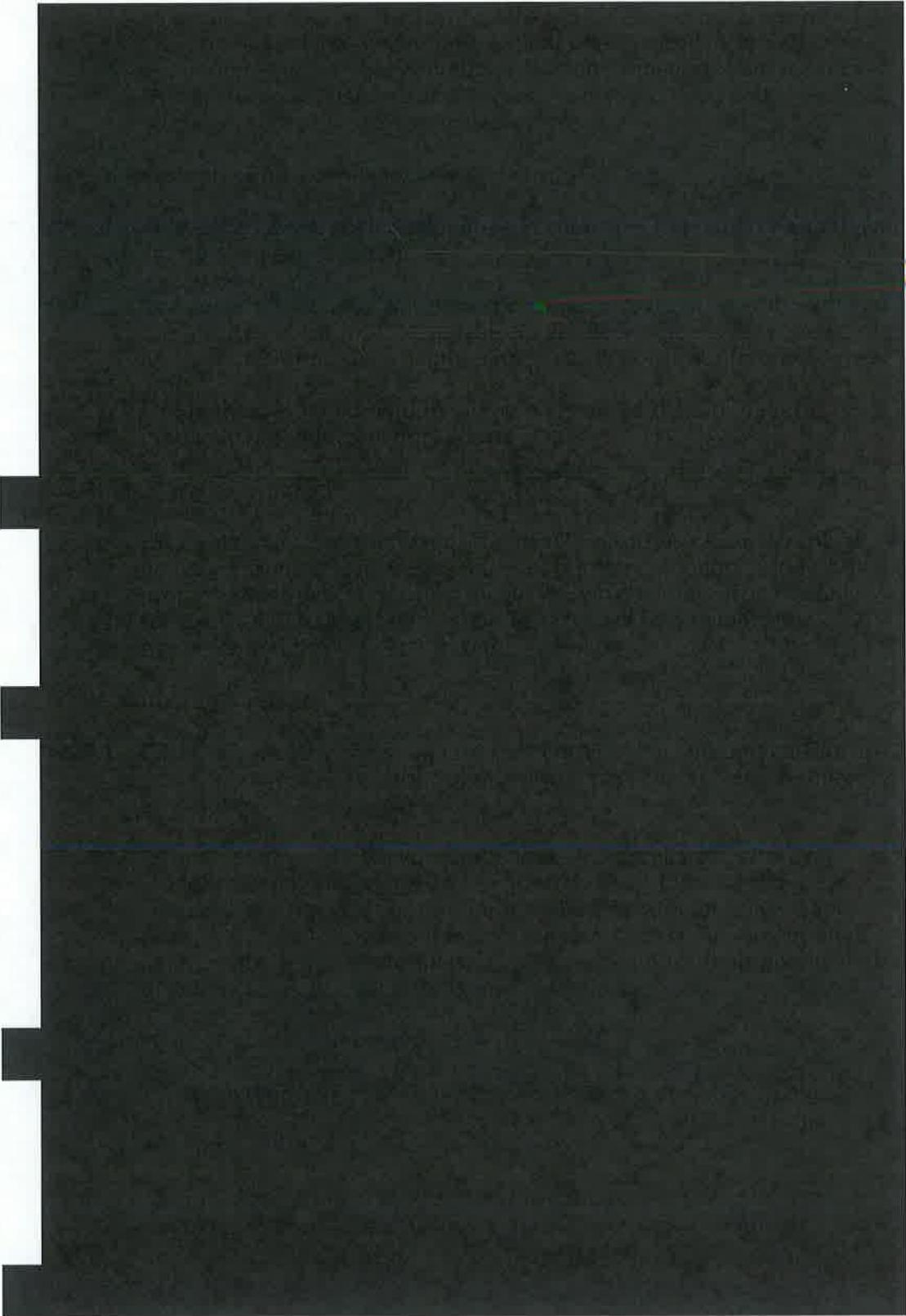
11.0 REFERENCE DOCUMENTS

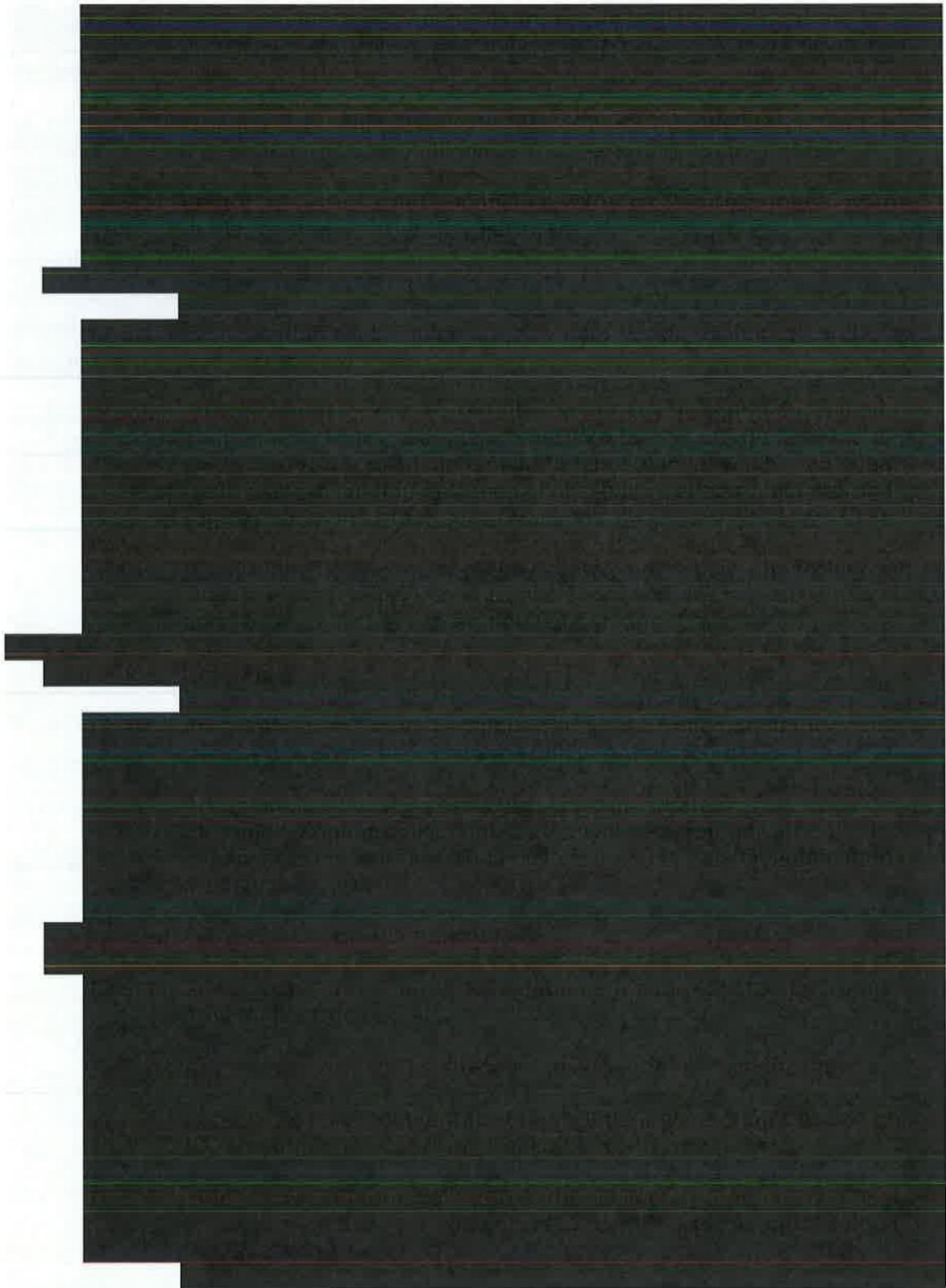
4.1 Warehouse Security *Work Instruction 0000-9191-32-31-00-0007*

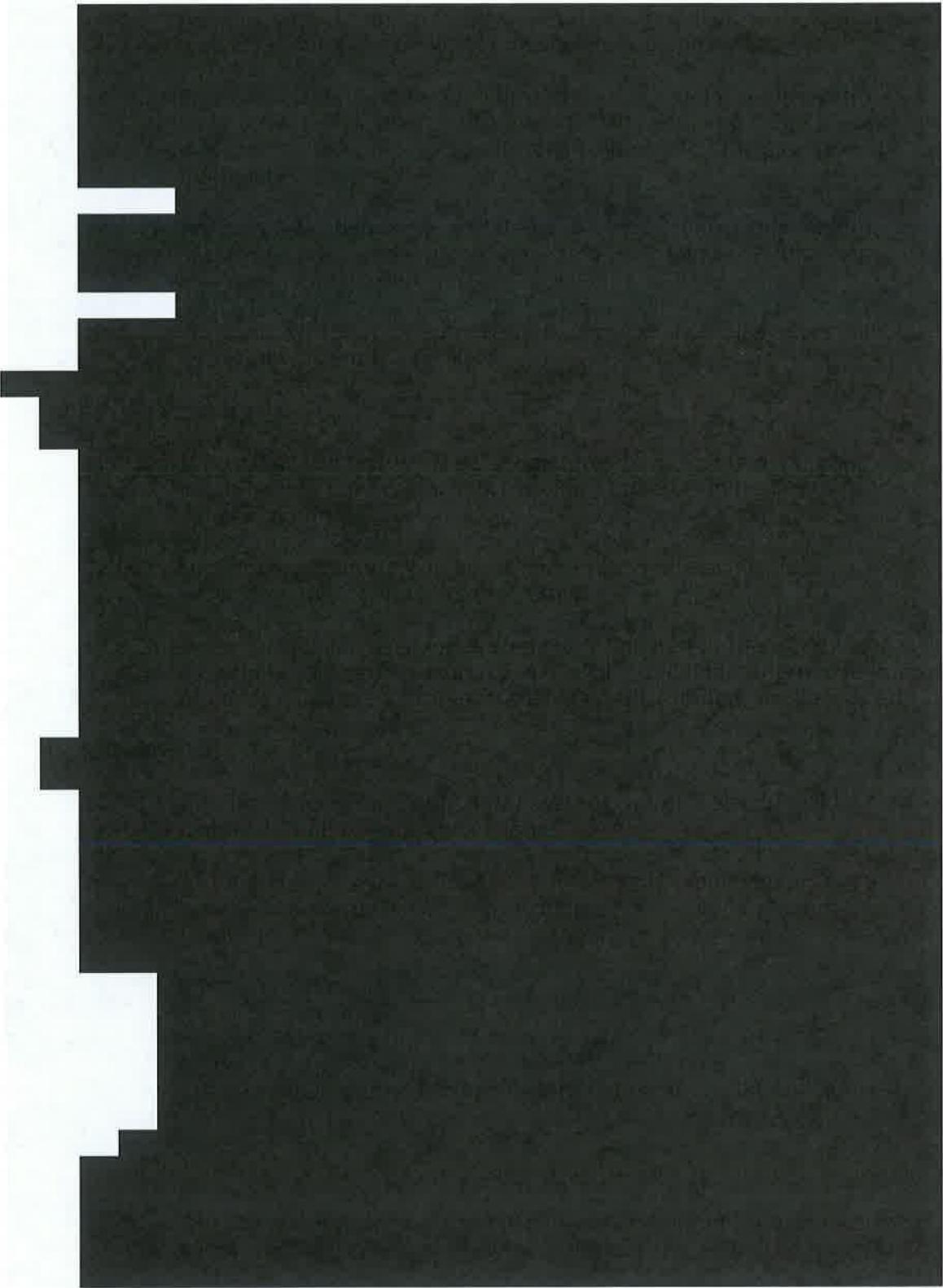
4.2 Cargo Container Security Seals *Work Instruction 0000-9191-32-31-00-0008*

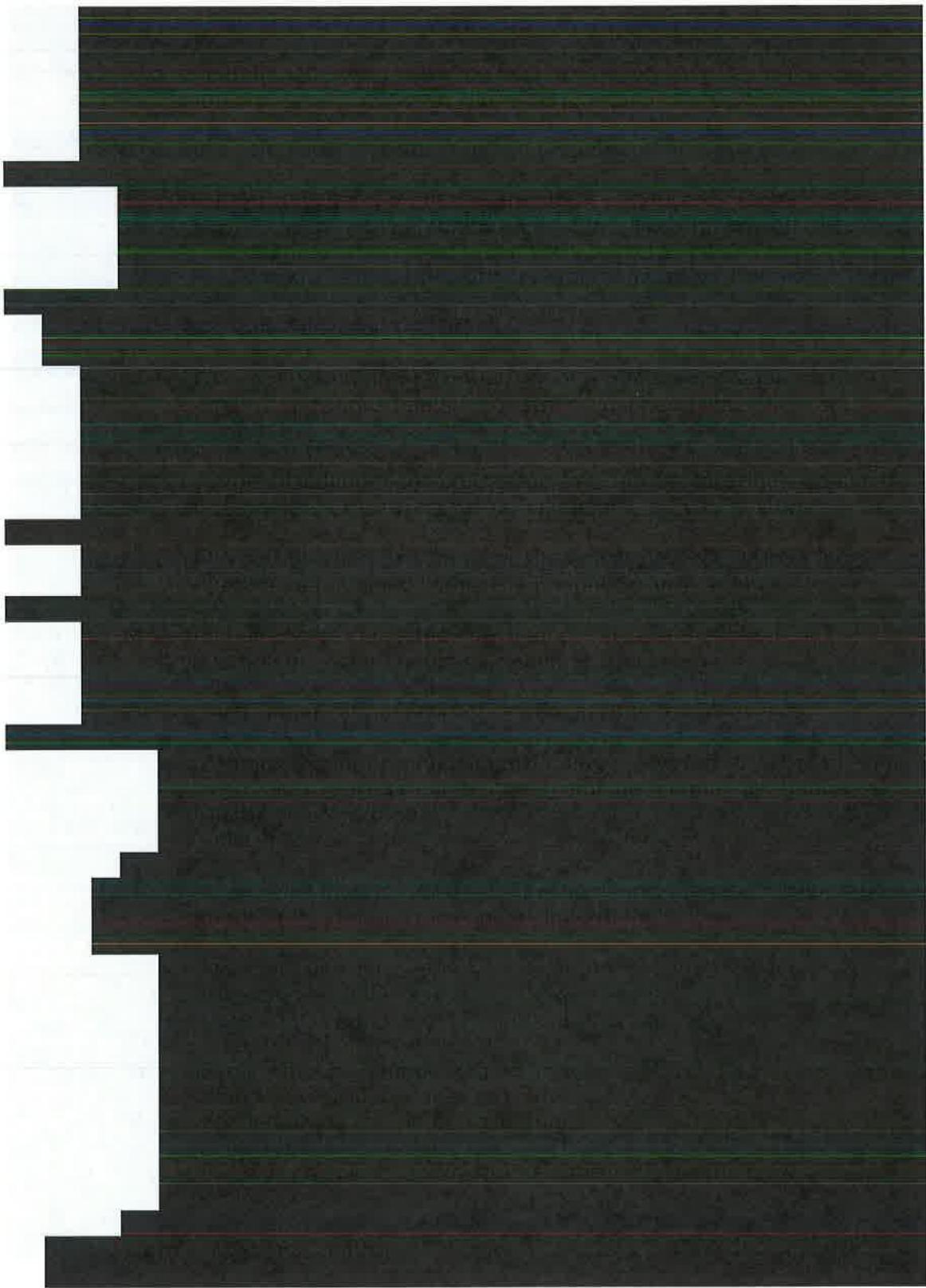
12.0 SECURITY PROCEDURE

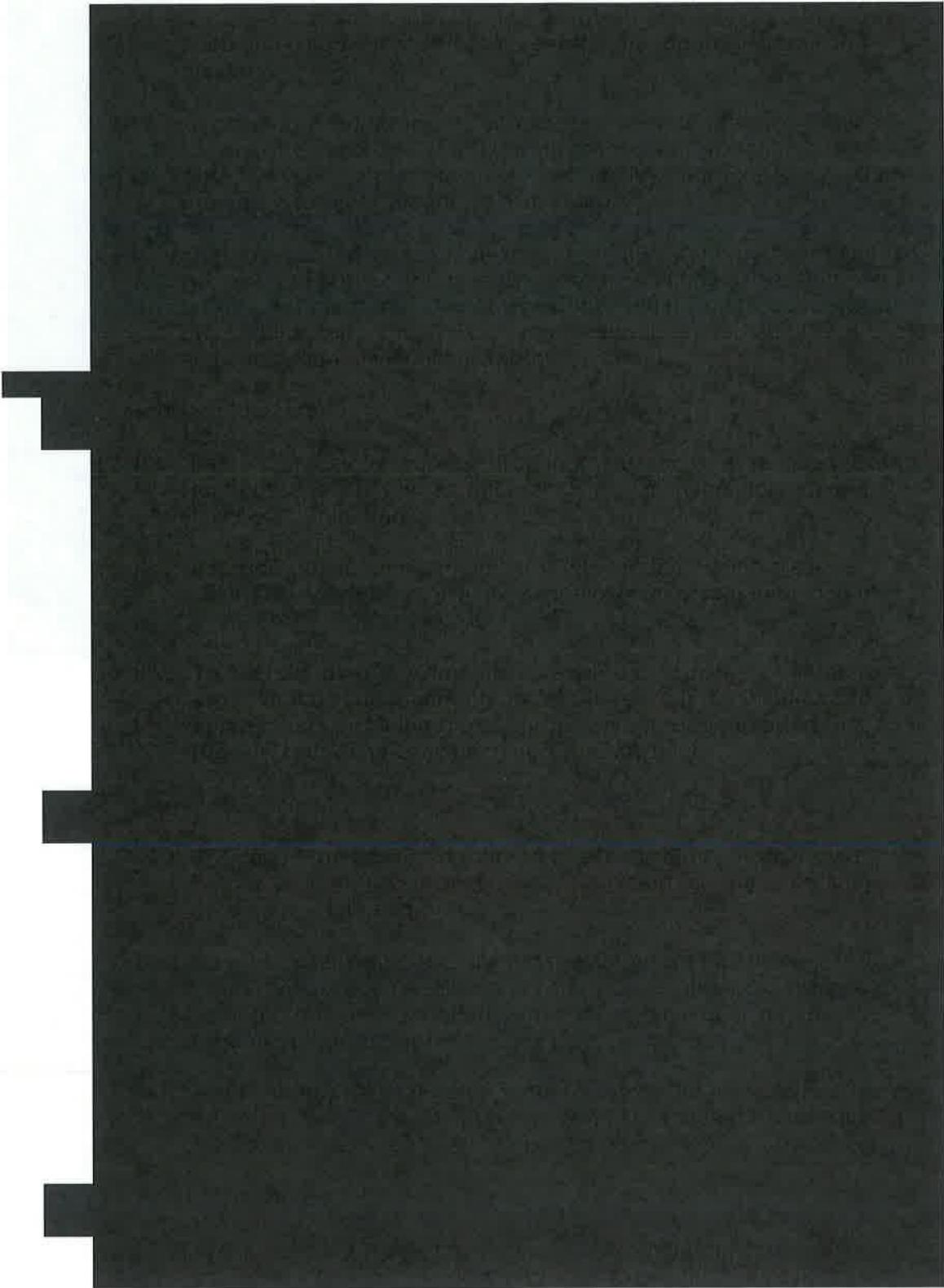


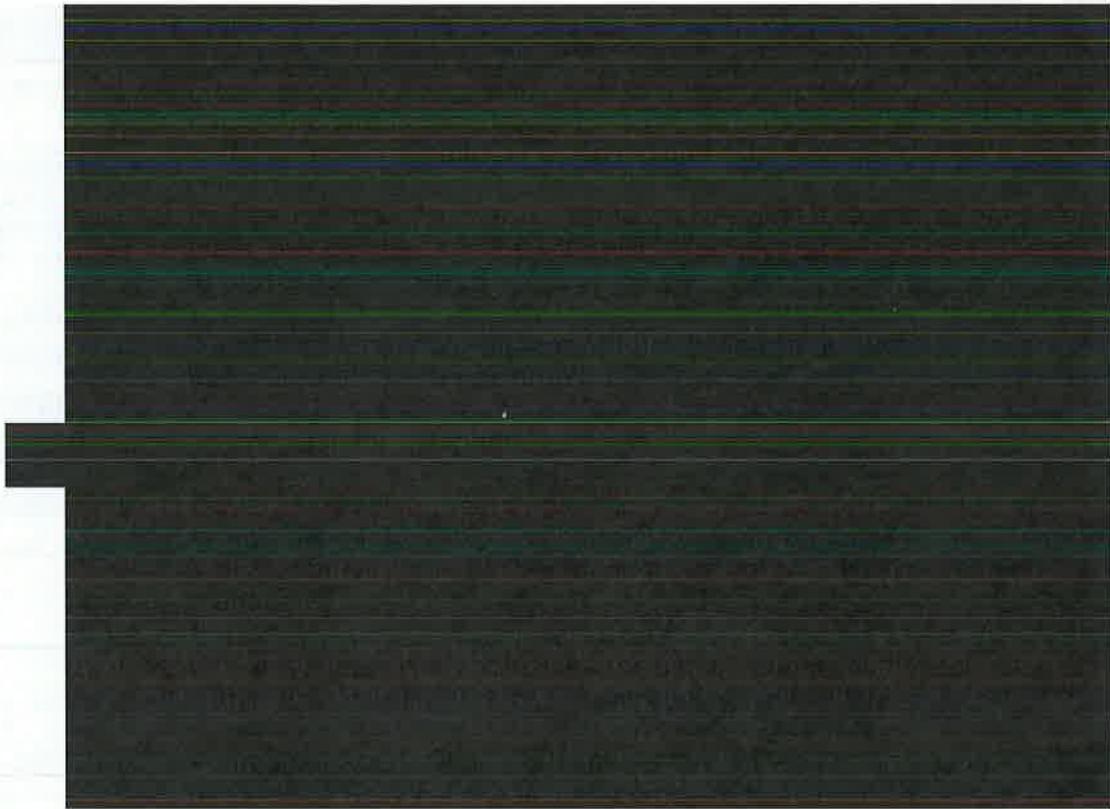












(confidential commercial information redacted)

13.0 APPROVALS

Approved: _____ Site General Manager Signature	Date: _____
Print Name: _____	
Approved: _____ Site Operations Manager Signature	Date: _____
Print Name: _____	
Approved: _____ Quality Assurance Representative Signature	Date: _____
Print Name: _____	
Effective Date: _____	Initials: _____

14.0 REVISION HISTORY



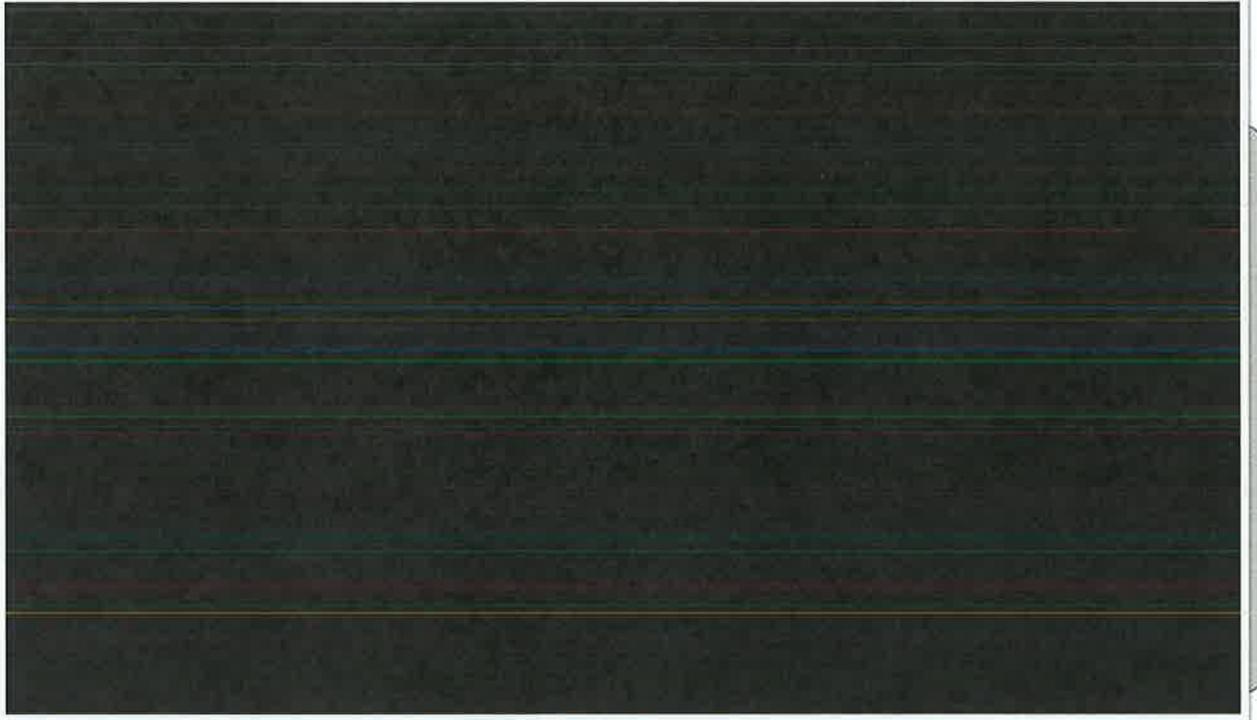
Rev	Date	Responsible Person	Description of Change
00	30July07	Jim Carpenter For Inventory Mgmt team	Original developed by Inventory Management Project team
01	06August 10	Jon DeLuca Security Coordinator	Security coordinator changed to "security nominee"



Transition and Start Up

NHSLC requires a partner with the experience, people, and processes to start up this building properly. We recognize the critical nature of this project and will ensure a successful implementation and start-up of this operation. Effective project management is a core discipline at Exel and is proven by conducting an average of one start up every week in North America.

Exel uses its DePict project management strategy and seasoned project Managers. The DePict acronym represents the five phases of a project: 



(confidential commercial information redacted)

Exel will support the implementation with seasoned Managers, who are very familiar with the NHLC business requirements and like businesses. In doing so, we will minimize learning curves for the new facility team and quickly adapt existing workflows that have been successful in similar businesses. The impact to the business of a supply chain disruption is not acceptable.



To support the transition, Exel will assign a specific team covering all aspects of the project.

- [REDACTED] (VP Operations) will sponsor the project, ensuring the project is well resourced.
- [REDACTED] (Director Operations) will be directly responsible for ensuring overall successful start up and directing resources in the start up and for the ongoing operation.
- Several General Managers from our existing warehouse and transport operations will play a key role in assisting the [REDACTED], site General Manager, assigned to this operation.
- [REDACTED] (VP Business Development) will lead the commercial efforts to ensure completion of all contractual items in a timely manner.
- [REDACTED], Account General Manager, will liaise with Industry and Government stakeholders
- A project manager will be assigned and will manage the start-up.
- Functional experts from Operations, Quality, Information Technology, Integrated Logistics Design (ILD), Safety Health & Environmental, Commercial Contract Management, Risk Management, Procurement, and Finance will come together to develop and execute a comprehensive project plan.
- Off site resources (General Managers, Operation Managers, Supervisors and hourly associates) that have significant experience on implementations and start-up.
- Team members that are fully experienced with [REDACTED] WMS will also support the transition and training efforts.

(confidential and confidential commercial information redacted)

Permanent Staff Training and StartUp Preparation

[REDACTED]



The permanent staff will be instrumental in working through the project plan with the Project Manager.

The Operations Supervisors will be on board four weeks prior to the start of hiring and training of the new Associates.

The Shipping/Receiving Clerks will spend two weeks each in similar sites using [REDACTED] WMS to learn processes and then spend the last two weeks at the new site for training. (confidential commercial information redacted)

All operations staff will be on boarded one week prior to the go-live date. During this time, all Exel orientation, MHE certification, and training on SOPs, work instructions and the WMS will take place.

Operational Off-Site Support

Our Project Manager will be on board to support the transition upon the award of the business. We anticipate that the Project Manager will support the implementation through project closure, which is typically shortly after the ramp up finishes.

We estimate that at least four managers from other facilities will be on site for several weeks during the receiving and start of outbound shipping to support the implementation. These managers will provide floor support and observation to ensure adherence to processes.

Should additional support resources be necessary, we will proactively secure them to ensure success.

Phased Project Outline

The Project Plan visualizes all tasks from start to completion, with clear timelines and responsibilities. It will list all tasks, their durations and dependencies, milestone dates and associated resources.

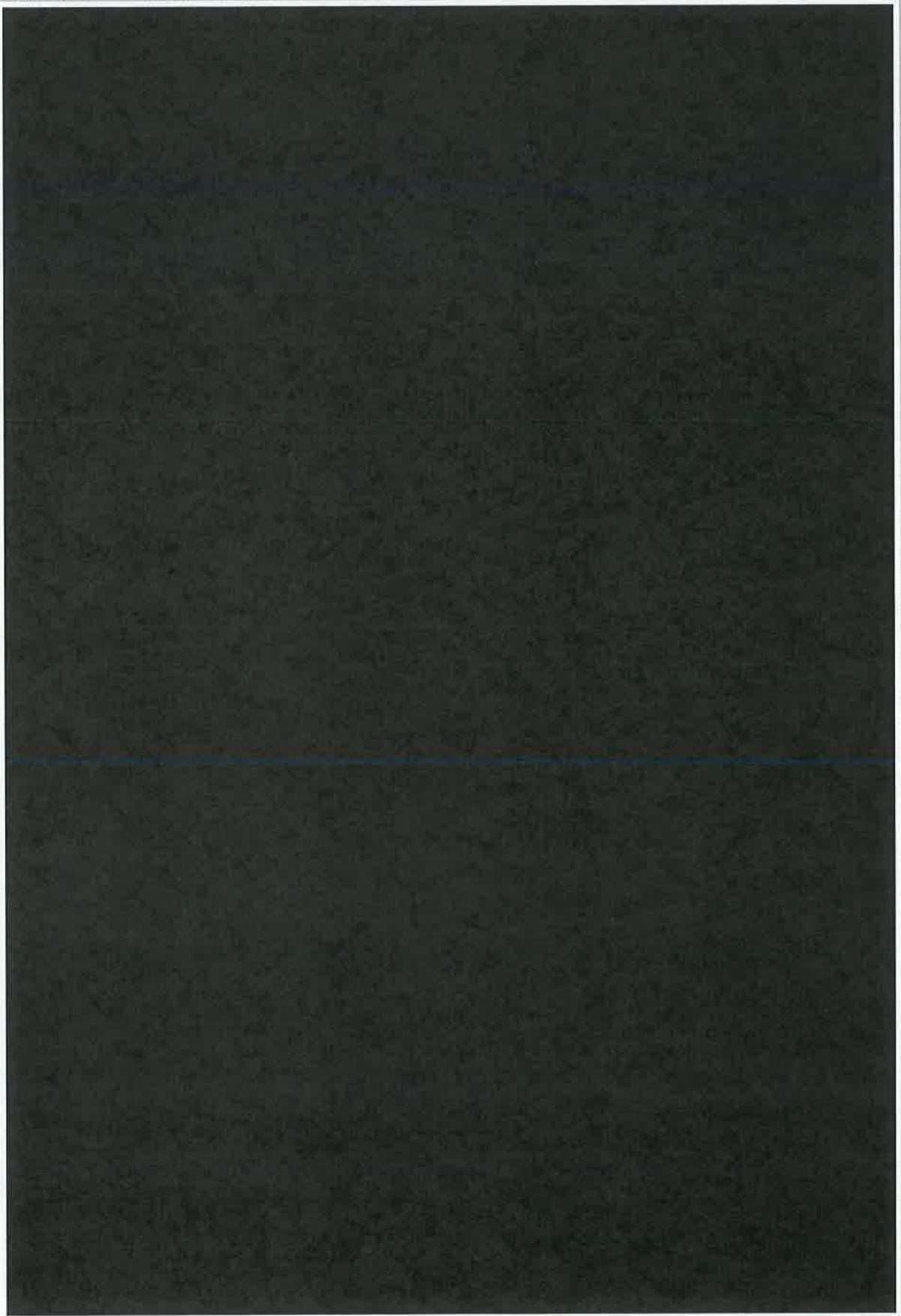
The work plan will involve defining the project, setting the project plan, implementing the plan with a kick off meeting, controlling the project and transitioning the facility to operations.

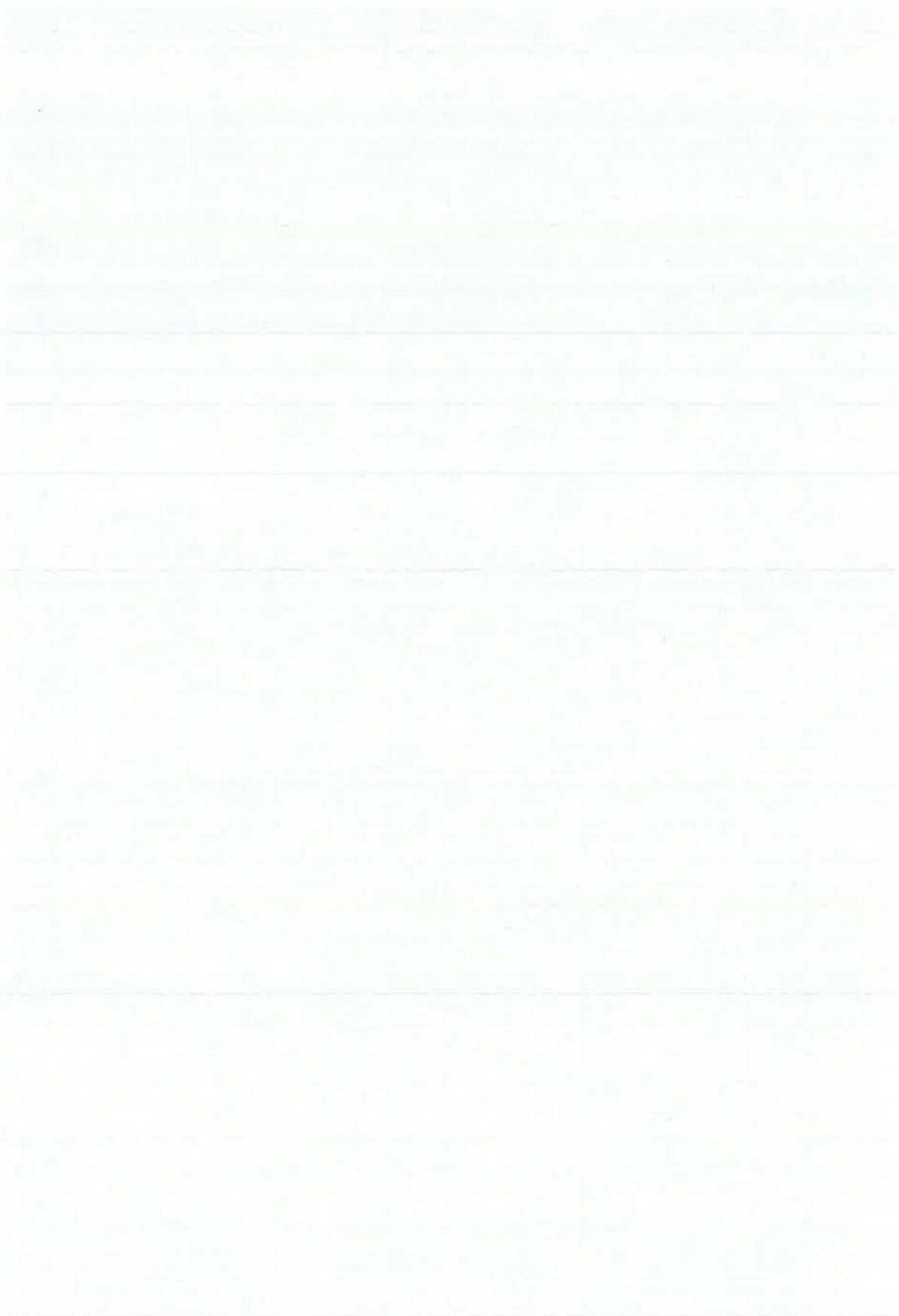


(confidential commercial information redacted)

The figure shows a project outline for this implementation. In consultation with the NHLC, we will finalize this outline and then establish the detailed project plan. Detailed DePict project plans are over 1100 lines and very thorough.

[Faint, illegible text block]





(confidential commercial information redacted)

Resources required from the NHSLC to support start up

The successful implementation of this project will be dependent on careful planning and coordination between the NHSLC and Exel Project Team members. The NHSLC and Exel must each provide a "Champion" whose role is to drive the process forward to a timely completion. The Champion must have the responsibility, authority and resources necessary to meet agreed schedules and timelines.

A "Senior Sponsor" from both parties is desired to manage any type of conflict within the teams or process.

The implementation plan has three primary work streams that will occur simultaneously. They are "Human Resources/Operations", "Facility & Engineering", and "Commercial". The outline is an overview of the salient points, and will be maintained by Exel's Project Manager.

Exel would recommend that the NHSLC commit the following full time resources to the project:

- Project Champion
- Project Manager
- Operations/Supply Chain Manager
- IT Integration Manager

Exel would recommend that the NHSLC commit the following part-time resources to the project:

- Senior Sponsor
- Start-up Coordinators (onsite at facilities)
- Legal – (active in first 60 days while contract is negotiated and signed)
- Operational Resources from NHLC and Store
- Store Liaison

