

Contract Operations

Improved performance, predictable costs



Distribution Center Challenges

Companies will face a number of challenges managing a distribution center internally, such as:

- In-house systems are not designed to effectively manage a warehouse
- Recruitment, training, management of staff
- Facilities may not be ideal, **space is limited** and poorly configured for storage and/or handling due to a lack of engineering resources



DC Challenges - cont.

- Material Handling Equipment (MHE) and racking costs are high
- Running a distribution center is not a core competency, nor an efficient use of resources



What are the **costs**?

- Purchase of racking and MHE requires **significant upfront investment**
- Poorly designed/laid out internal space impacts efficiency, which can lead to **costly overtime and additional personnel expenses**
- When company resources are pulled away from a core competency, it results in **reduced productivity**
- Lack of supply chain expertise leads to a focus on operating, **not operating efficiency**



What are the **costs**? - cont.

- Poor location of a distribution center leads to **increased transportation costs**
- Lack of operations data contributes to poor overall performance and **reduced customer satisfaction**



The bottom line: Allocating resources to an area outside a company's core competency is **inefficient and costly.**



WOW Solution: Contract Ops

- ✓ Committed space avoids the headache and potential customer service failures of finding more capacity when the market is tight
- ✓ Helps avoid fluctuations in storage costs by setting a fixed rate schedule
- ✓ WOW Logistics recruits and manages distribution center staff



WOW Solution: Contract Ops - cont.

- ✓ We work with customers to establish Key Performance Indicators (KPIs) to monitor logistics performance
- ✓ Our network study capabilities will identify the optimum warehouse location to streamline distribution and reduce costs

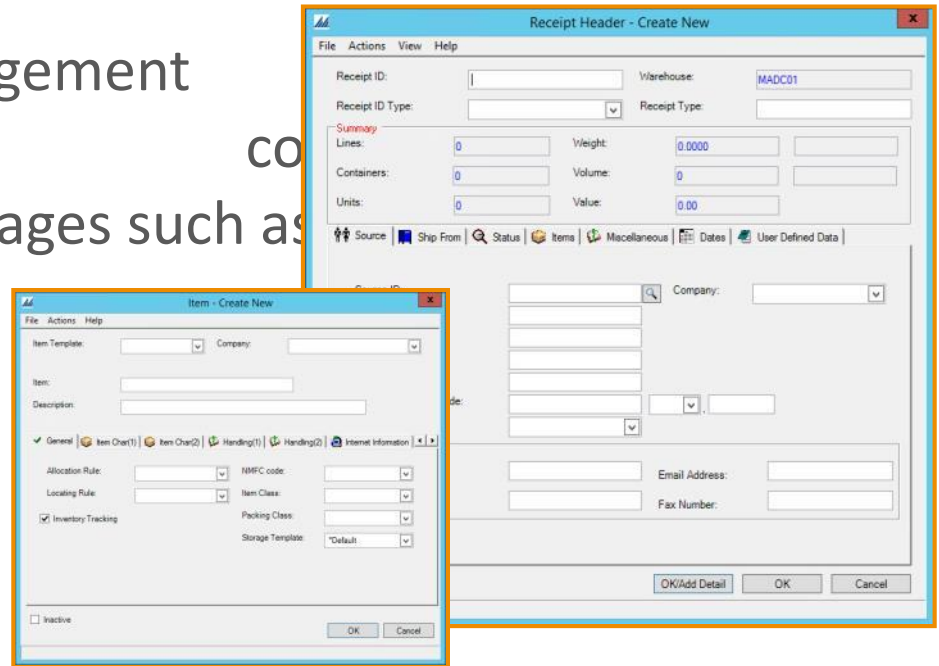


Flexibility and Technology

✓ Our pricing methods are flexible enough to amortize startup costs

✓ WOW's Warehouse Management customizable to your company offering advantages such as

- Real-time reporting
- Labor management
- Directed put away
- Task interleaving
- Slotting optimization



Engineering Expertise



In-the-box engineering staff focused on driving maximum efficiency through:

- Leveraging our **40 years of experience**
- Selection of proper racking, MHE, and attachments
- Use of technology
- Optimum warehouse layout
- Labor and process analysis



We are experts in storing and handling food grade products

- WOW warehouses are ASI audited at food processor level (**only 3PL in the U.S.**) and consistently scored above 90%



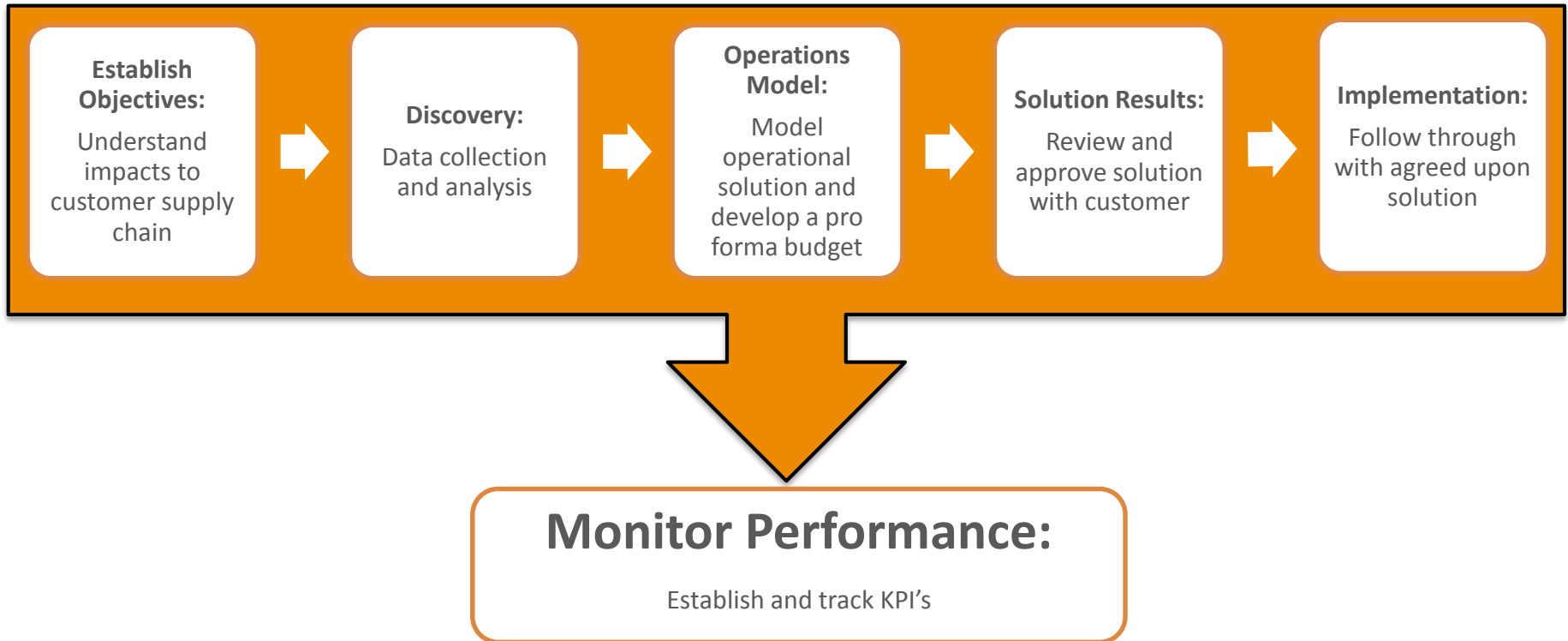
Exceptional Value

WOW Logistics Contract Operations bring exceptional value through our detailed approach, including:

- KPI and Gainshare programs to drive **quality**, reward staff, and **control costs**
- Process focus where engineering, operations, and I.T. staff collaborate to drive **continuous improvements**
- Ownership of **safety initiatives** to ensure a safe environment for employees and products



Contract Operations **Process**



Implementation Made Easy

WOW's detailed implementation strategy ensures a smooth transition and visibility to all steps in the process. We are guided by:

- **Structure.** We are driven by proven processes and tools. This is the fuel that powers any successful startup.
- **Knowledge.** WOW project managers are experts in distribution. They draw on industry best practices and their own experience to manage even challenging startups.
- **Flexibility.** One size does not fit all. That's why we are flexible enough to adapt to your specific needs.



Implementation Made **Easy** – cont.

1. Implementation

1. Project plan, timeline, and cost tracker established
2. Internal kick-off meeting with WOW Team
3. External kick-off meeting with client
4. Create SOW and sign-off.
5. Plan periodic update meeting schedule.
6. Execute project plan
7. Create, publish SOP
8. Testing
9. Employee training

2. Go Live

1. First receipt
2. First shipment
3. Daily/weekly communication with client
4. Review first invoice in detail with client
5. Initial audit of scope, processes, and operation
6. Audit cost tracker against budget

3. Operational Handoff

1. Internal WOW communication and agreement on acct. readiness
2. Confirm accountability, escalation path, and contact info.
3. WOW and client team sign off on handoff



Sample Operations

- Order Fulfillment Operation
 - Menasha, WI
 - 442,500 sq. ft.
 - 100+ employees
 - 70% case pick
 - 2.75MM lbs. daily throughput
 - Retail compliance
 - Palletized and roll stock



WOW Contract Ops. **Benefits**

With WOW's experts managing distribution center operations, your company can better allocate resources toward **your core competency** and reap benefits, including:

- **More predictable** costs
- **Better** efficiency
- **Improved** performance
- Committed space alleviates any concerns or customer service failures when more capacity is needed in a tight market



Questions?
Next Steps...

