

## Discussion Outline:

### Introduction

- \* Lloyd Davis
- \* Sharon Bryan

### Quarterly Meetings

- \* Objectives
- \* Sample Slides

- Q & A

- Conclusion

## Objectives of Quarterly Meeting

- Review quarterly department goals and results
- Communicate changes in key drivers
- Encourage and Enhance Presentation skills of Management
- Brands able to take back to sales and product marketing issues which impact cost or service

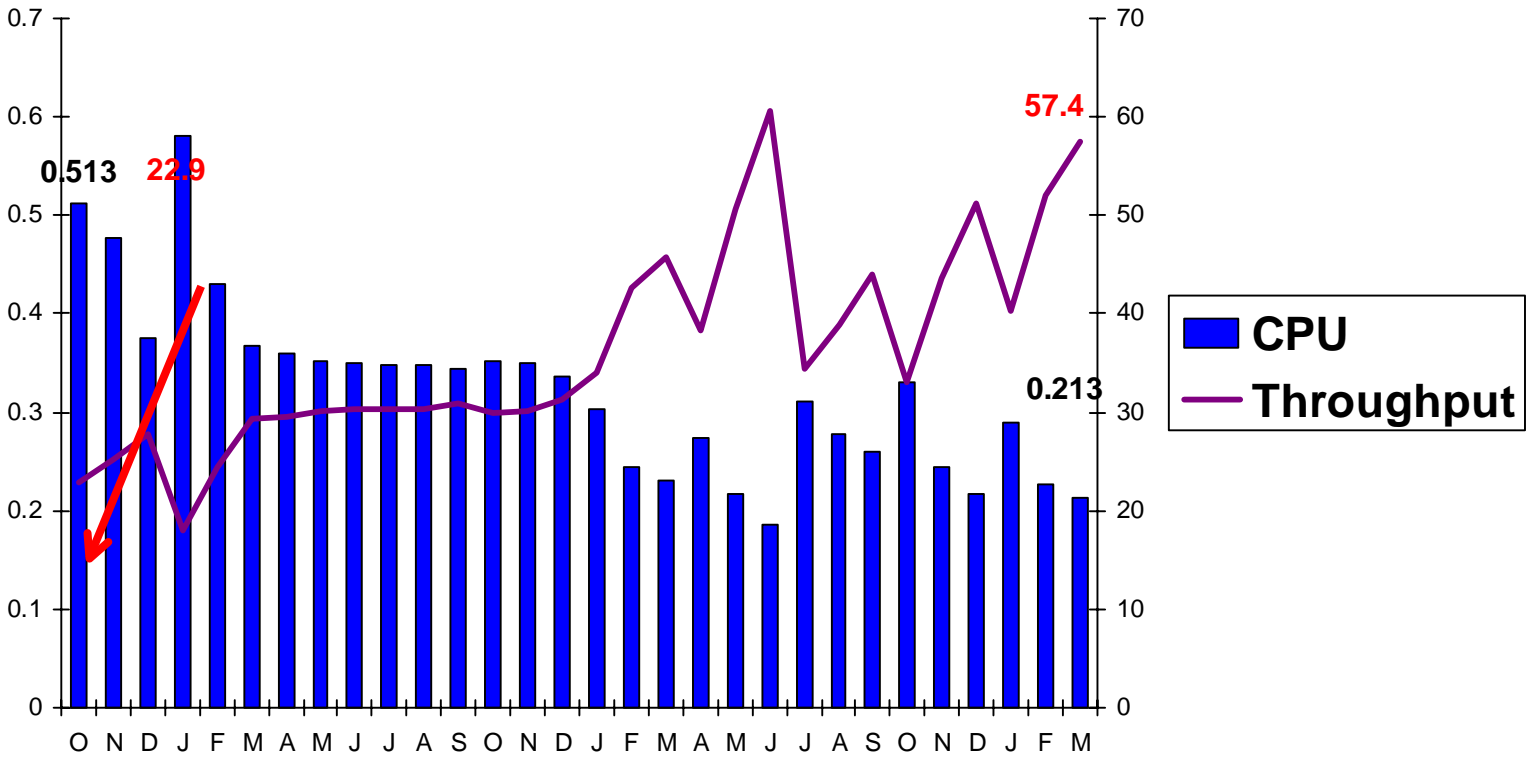


## Production Labor Through-puts

|                  | <u>Ending<br/>2002</u> | <u>Q1<br/>2003</u> | <u>Q2<br/>2003</u> | <u>Q3<br/>2003</u> | <u>Q4<br/>2003</u> | <u>YTD<br/>2003</u> | <u>Delta</u> | <u>Goal</u> |
|------------------|------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|-------------|
| <b>Receiving</b> | 58.9                   | 78.2               |                    |                    |                    | 78.2                | 32.8%        | <b>71.0</b> |
| <b>Highbay</b>   | 59.2                   | 59.9               |                    |                    |                    | 59.9                | 1.2%         | <b>63.0</b> |
| <b>Pickline</b>  | 53.7                   | 66.0               |                    |                    |                    | 66.0                | 22.9%        | <b>54.8</b> |
| <b>Shipping</b>  | 44.0                   | 47.3               |                    |                    |                    | 47.3                | 7.5%         | <b>46.0</b> |
| <b>Returns</b>   | 28.4                   | 25.7               |                    |                    |                    | 25.7                | -9.5%        | <b>29.5</b> |
| <b>Facility</b>  | 45.3                   | 52.9               |                    |                    |                    | 52.9                | 16.8%        | <b>48.0</b> |

*Facility figures do not include Returns, I.C., Maintenance & Administrative*

# Historical Trend CPU and Throughput 2000 -2003



↑  
10/2000

↑  
3/2003

## Historical Throughputs by Department

|                  | <u>YTD<br/>2000</u> | <u>YTD<br/>2001</u> | <u>YTD<br/>2002</u> | <u>YTD<br/>2003</u> | <u>2002<br/>vs.<br/>2003</u> | <u>Overall<br/>Delta</u> |
|------------------|---------------------|---------------------|---------------------|---------------------|------------------------------|--------------------------|
| <b>Receiving</b> | 29.9                | 37.9                | 58.9                | 78.2                | 32.8%                        | 161.5%                   |
| <b>Highbay</b>   | 46.5                | 48.4                | 59.2                | 59.9                | 1.2%                         | 28.8%                    |
| <b>Pickline</b>  | 30.8                | 37.3                | 53.7                | 66                  | 22.9%                        | 114.3%                   |
| <b>Shipping</b>  |                     | 36.6                | 44                  | 47.3                | 7.5%                         | 29.2%                    |
| <b>Returns</b>   | 12.1                | 18.8                | 28.4                | 25.7                | -9.5%                        | 112.4%                   |

## Distribution and Returns

### Direct / Indirect Labor - CPU

|                    | <u>Q1<br/>2002</u> | <u>Q1<br/>2003</u> | <u>CPU<br/>Delta</u> | <u>Cost<br/>Savings</u> |
|--------------------|--------------------|--------------------|----------------------|-------------------------|
| Units Shipped      | 1,405,253          | 1,587,535          |                      |                         |
| Payroll            | \$863,702          | \$767,360          |                      |                         |
| Overtime           | \$11,295           | \$58,454           |                      |                         |
| Benefit Allocation | \$301,875          | \$284,906          |                      |                         |
| Outside labor      | \$22,079           | \$60,124           |                      |                         |
| Total Compensation | \$1,198,951        | \$1,170,844        |                      |                         |
| Labor CPU          | \$0.853            | \$0.738            | \$0.116              | \$183,629               |

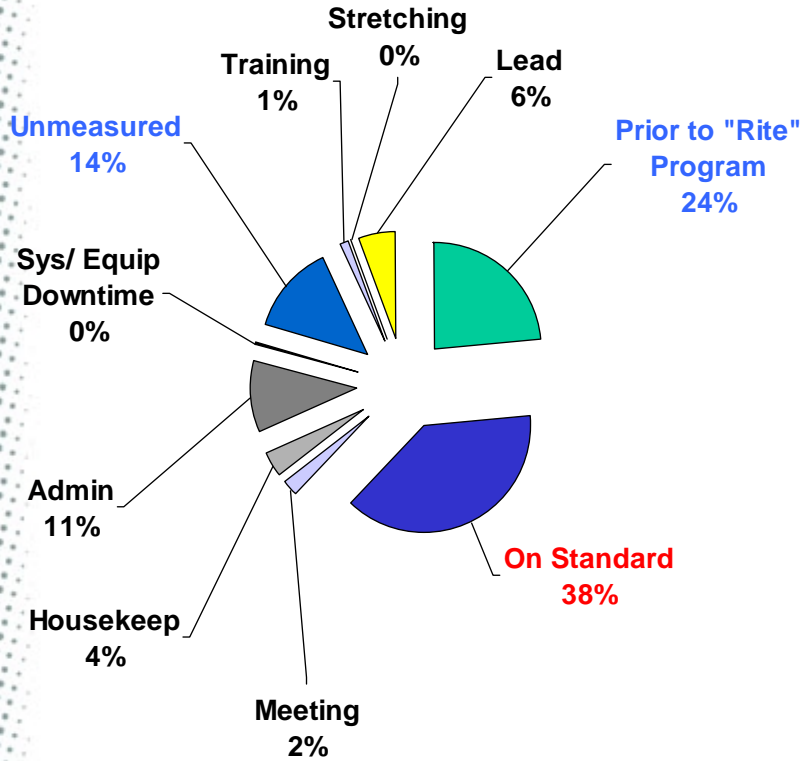
Information obtained from Cost Center Expense Report  
 Payroll and benefits include SG&A

# Program Results - Through-put by Operation

| <u>Function</u>   | <u>Ending<br/>YTD<br/>2002</u> | <u>Q1<br/>YTD<br/>2003</u> | <u>Delta</u> |
|-------------------|--------------------------------|----------------------------|--------------|
| Replenishment     | 64                             | 64                         | 0.0%         |
| Full - case pick  | 65                             | 63                         | -3.1%        |
| Putaway           | 182                            | 142                        | -22.0%       |
| Stocking          | 20                             | 24                         | 20.0%        |
| Scheduling        | 81                             | 88                         | 8.6%         |
| Pick              | 154                            | 176                        | 14.3%        |
| Scanning          | 1148                           | 1646                       | 43.4%        |
| Belt              | 48                             | 64                         | 33.3%        |
| One Pairs         | 23                             | 32                         | 39.1%        |
| Unload Containers | 75                             | 124                        | 65.3%        |
| Sorter / Lanes    | 170                            | 240                        | 41.2%        |

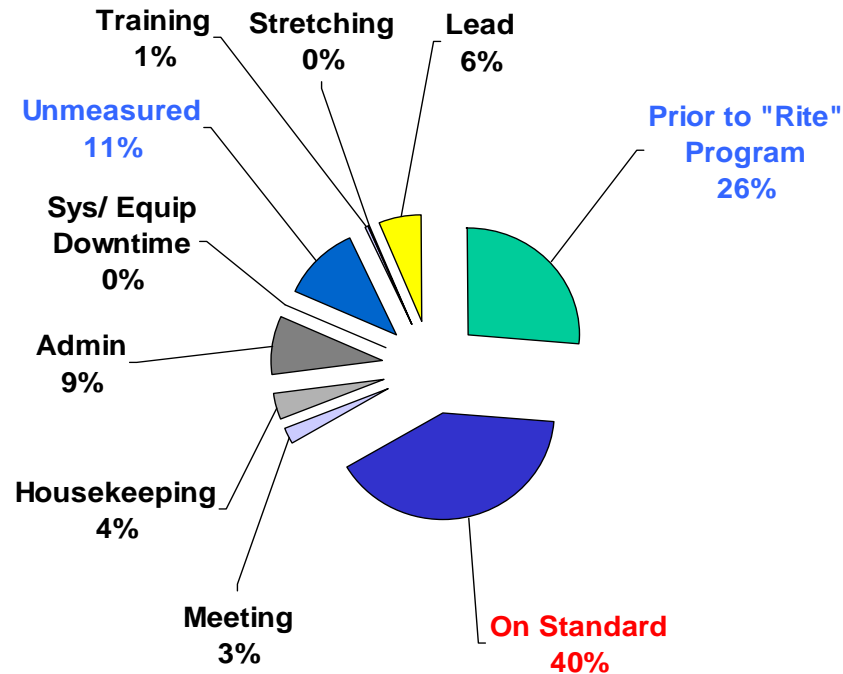
# Facility "On Standard" Hours Snapshot

YTD 2002



CPU           \$ .290  
Through-put   38.8

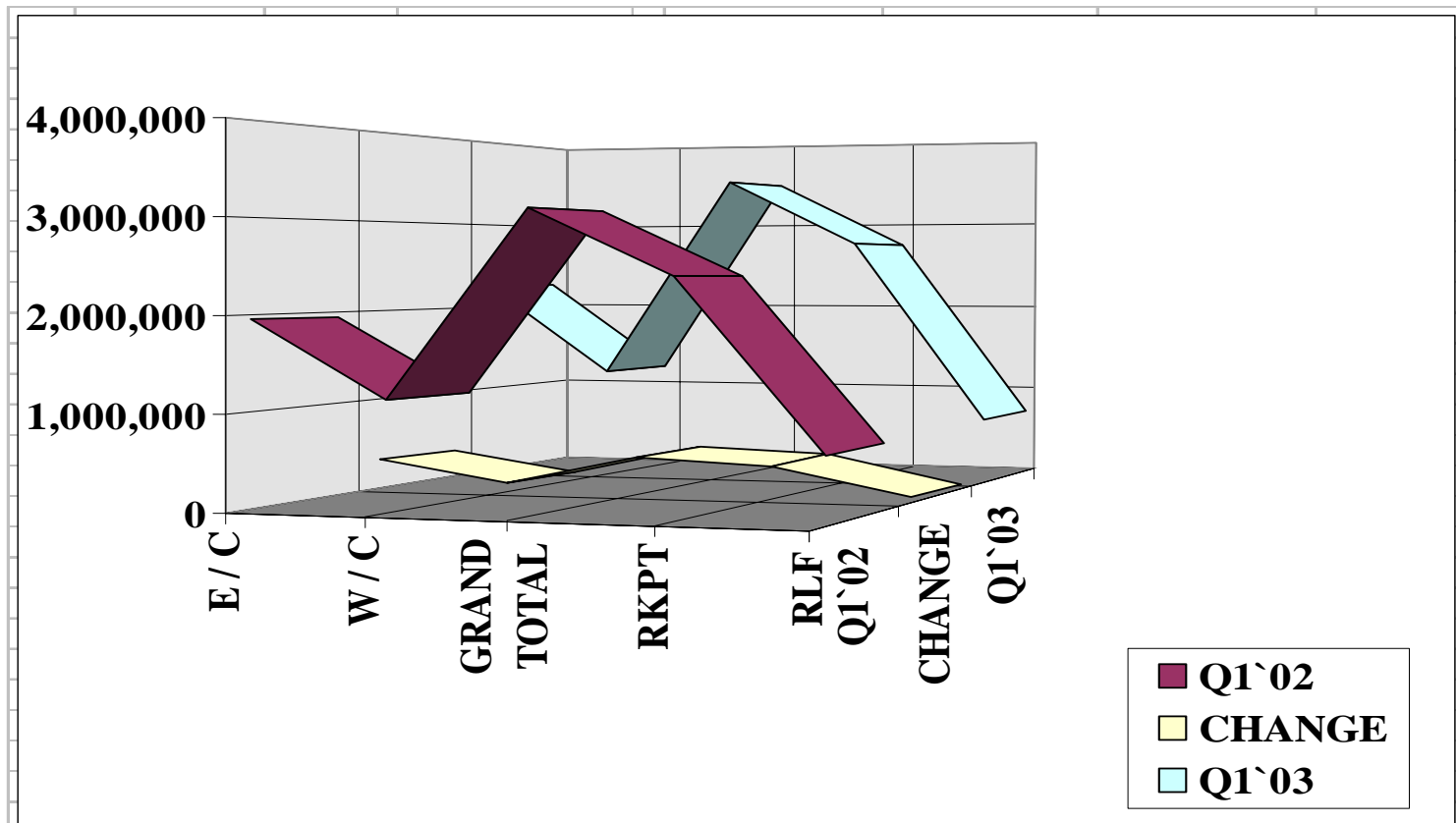
YTD 2003



CPU           \$ .284  
Through-put   42.7

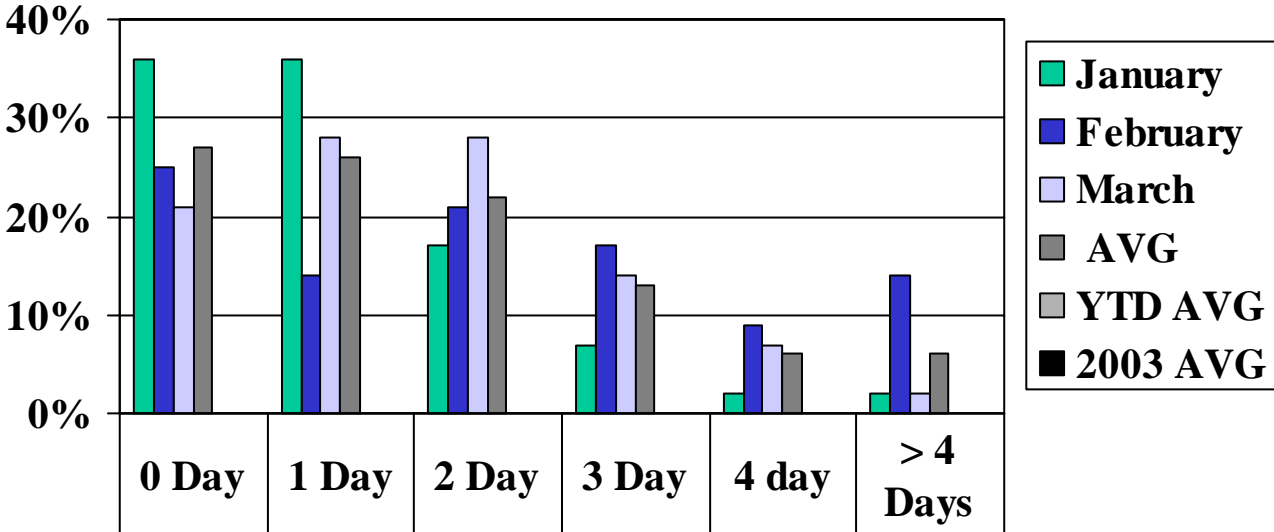


# EOQ DOMESTIC INVENTORY ( Q1`02 VS Q1`03 )



|                    | Q4`02            | Q1`02            | CHANGE         | Q1`03            | %          |
|--------------------|------------------|------------------|----------------|------------------|------------|
| E / C              | 2,088,040        | 1,944,227        | 312,263        | 2,256,490        | 16%        |
| W / C              | 1,444,042        | 1,133,357        | 89,918         | 1,223,275        | 8%         |
| <b>GRAND TOTAL</b> | <b>3,532,082</b> | <b>3,077,584</b> | <b>402,181</b> | <b>3,479,765</b> | <b>13%</b> |
| RKPT               | 2,946,464        | 2,393,513        | 353,048        | 2,746,561        | 15%        |
| RLF                | 585,618          | 684,071          | 49,133         | 733,204          | 7%         |

# Shipment Turnaround Q1



|                 | 0 Day | 1 Day | 2 Day | 3 Day | 4 day | > 4 Days |
|-----------------|-------|-------|-------|-------|-------|----------|
| <b>January</b>  | 36%   | 36%   | 17%   | 7%    | 2%    | 2%       |
| <b>February</b> | 25%   | 14%   | 21%   | 17%   | 9%    | 14%      |
| <b>March</b>    | 21%   | 28%   | 28%   | 14%   | 7%    | 2%       |
| <b>AVG</b>      | 27%   | 26%   | 22%   | 13%   | 6%    | 6%       |
| <b>YTD AVG</b>  |       |       |       |       |       |          |
| <b>2003 AVG</b> |       |       |       |       |       |          |