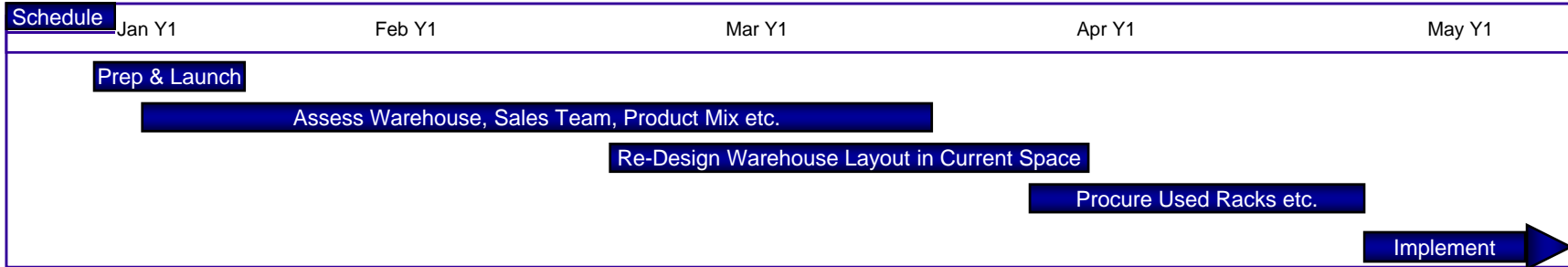


# Distribution Arm of \$30 Million Consumer Services Business



**Value Statement**

Position company for expected 33% growth resulting from winning new territories AND for likely economic downturn by expanding available space in **current facility 50%** and avoid 86% of capital investment amount

**Drivers**

- Economic uncertainty created softness in company volume projections for the coming fiscal year driving capital investment risk up
- Distribution division recently won new territory expansions creating an opportunity to increase sales by 33% or more in normal conditions
- Expanding warehouse space by 50% was the plan prior to economic downturn requiring investment of ???

**Actions**

**Customers**

- Determine popular products and inventory turn rates to ensure high customer service levels and avoid out-of-stock situations
- Determine average order sizes and factor those into picking plan and inventory analysis

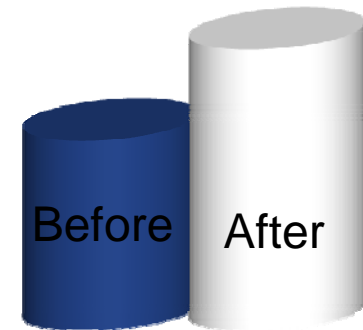
**Financials**

- Examine capital requirements of *status quo* plan and develop a plan that requires 85% less investment

**Operations**

- Assess current warehouse facility and tour new, proposed facility to determine actual available space vs. actual space utilization to determine improvement opportunity
- Re-design warehouse in current facility using readily available used shelving more appropriate to products and focusing on pick efficiency

**Benefits**



**Usable Warehouse Space**

**Value**

<b>Investment</b>	<b>\$31,000</b>
<b>Return</b>	<b>\$63,000</b>
<b>1<sup>st</sup> Year ROI</b>	<b>103%</b>
<b>Payback period in years</b>	<b>.49</b>