

2006 IARW PRODUCTIVITY AND BENCHMARKING SURVEY REPORT

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FOREWORD

The Productivity and Benchmarking Task Force would like to take this opportunity to thank you for your participation in this fourth survey of operational measurements in our industry. The first such survey was performed by IARW and WFLO in 1998. Additional surveys were conducted in years 2001 and 2003. The year 2006 results, contained in the attached report, will present a picture of the many ways we operate, based on the many types of customers we have and the diverse requests for service they represent.

That diversity also creates problems when we try to compare one Public Refrigerated Warehouse (PRW) to another. You will note some of these problems as you read the report, particularly in regard to measurements using cases or units. One tote of vegetables weighing 1,200 pounds may have been reported as one unit or case while another warehouse is reporting 100 cases on a pallet. If they both earn \$10 for the storage space, one will report \$10/unit while the other reports \$.10/unit. The same situation exists when looking at productivity measures such as cases handled per hour. In an attempt to make the participant's data more comparable, we asked each participant in this survey to provide measurement results of their cases and units using the following definitions:

Case = Any packaged unit weighing less than 100 pounds each,
Unit = Any full pallet, tote, or combo weighing over 100 pounds.

We have tried to massage out the obviously misreported information, but we can only do so much before we begin to tamper with the validity of the actual numbers reported. This was our fourth attempt at this kind of report and we have learned where we have to ask better questions in the future to report better information. We also ask that you read the Introduction section titled "Be Careful When Comparing" for more explanation of the survey methodology.

IARW Productivity and Benchmarking Task Force

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ACKNOWLEDGMENTS

The 2006 IARW Productivity and Benchmarking Survey Report is produced through the efforts of several groups. A selected group of distribution executives representing the Association reviewed the questions for the study. They also provided feedback throughout the process on key issues and opportunities challenging the management of the refrigerated warehouses. This group participated in the review of the final report. Their insight and observations contributed to the quality of the study by providing a "real life" perspective.

Thank you to

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We would also like to thank the distribution center executives from each of the participating refrigerated warehouse companies who made a strong effort to support the study. Their input is very much appreciated and helped create effective refrigerated industry benchmarks that serve to identify the characteristics of the outstanding refrigerated warehouse operation.

The data for this survey was gathered in confidence by an independent CPA firm who analyzed the data and compiled the report. For additional information please contact:

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TABLE OF CONTENTS

- FOREWORD 1
- ACKNOWLEDGMENTS 2
- TABLE OF CONTENTS..... 3
- INTRODUCTION 4
- GLOSSARY OF TERMS 9
- EXECUTIVE SUMMARY 11
 - Background of Participants..... 11
 - Distribution vs. Commodity Storage and Production Warehouses 11
 - Summary Benchmark Results..... 12
- PROFILE OF THE PARTICIPANTS 14
 - Space Allocation 15
 - Facility Data..... 16
 - Customer Base 17
 - Geography..... 18
- TRENDS AND DEVELOPMENTS..... 20
- FINANCIAL BENCHMARKS 23
- OPERATING BENCHMARKS 36
 - Receiving 38
 - Storage and Replenishment..... 48
 - Order Selection 54
 - Shipping and Loading..... 61
 - General Operating Issues 70
- WAGES AND BENEFITS 73
 - North Atlantic Region..... 80
 - Southeast Region 82
 - Great Lakes Region..... 84
 - Missouri Valley Region 86
 - North Pacific Region..... 88
 - South Pacific Region..... 90
 - Southwestern Region 92
- APPENDIX A, ALL PARTICIPATING WAREHOUSES 94
- APPENDIX B, DISTRIBUTION AND IMPORT/EXPORT WAREHOUSES 98
- APPENDIX C, COMMODITY WAREHOUSES..... 102

INTRODUCTION

Mission Statement

The 2006 IARW Productivity and Benchmarking Survey Report is developed to educate the refrigerated warehouse industry about the operational issues challenging the logistics function of cold storage companies. The survey questionnaire for the 2006 report has been expanded from that used in previous surveys by combining financial questions from previous Operating Ratio survey questionnaires, and certain compensation information from Wage and Benefit survey questionnaires. Results from this survey data are used to develop key trends and other operating issues are identified and discussed.

The report is designed to present the facts in a simple and easy to read format, supported with many graphs and tables. Through this exercise, a common body of information has been established which should help executives at all levels identify opportunities in their respective companies.

How to Use the Report

Measuring the performance of the temperature controlled distribution function for servicing many different customers is very difficult and complex due to the varying types of customer service offered by each company. Some public refrigerated warehouses provide storage space for agricultural commodities, while others concentrate on frozen, refrigerated and ice cream distribution for key manufacturers. Still others have built an extensive import and export business. These cold storage companies also provide many different support services, which are customized based on specific customer needs and requirements.

Each warehouse is unique due to a multitude of factors, including:

- Customer Mix Manufacturers, Producers, Food Service, Retailers
- Product Assortment Commodities, Frozen, Ice Cream, etc.
- Physical Layout Age and shape of the warehouse
- Geographic Location Urban vs. rural conditions
- Climate Northern cold vs. southern heat
- State Regulations Workers compensation, insurance
- Fleet Equipment Age and application
- Labor Contracts Union vs. non-union
- Competition National and regional companies
- Ownership Family vs. publicly traded
- Work Ethic Experienced vs. inexperienced work force
- Financial Strength Leveraged Buy-out and family owned
- Management Philosophy Team and associate empowerment

Making Effective Use of the Information

Benchmarking is typically viewed as part of an overall problem-solving process targeted at achieving superior performance, or as a proactive mechanism to keep management aware of state-of-the-art operating practices. It allows you to compare your company with external standards used by others in the industry. To make effective use of the information in this report you should identify and quantify the key differences in this report from those of your operations, document why those differences exist, and identify procedures that should be taken in your company to equal or surpass the standard. Each company should develop and implement an effective benchmarking strategy that encourages all associates to become involved in the process. Some suggestions for accomplishing this goal include:

- **Get the entire logistics team involved in the process.** Many of the benchmarking results can be used as an educational tool to identify key issues and problems challenging the organization. The information can also be used to identify new concepts or projects that should be initiated as the company seeks to implement new successful programs. The survey questionnaire and the accompanying report have been segregated into separate key operating classifications of a typical warehouse operation.
- **Identify which metrics should be measured.** Start with the basics such as on-time deliveries, percent of order delivered, total cost per case/pallet, throughput, revenue per cubic foot, and expenses as a percent of sales. These are the most common benchmarks used by many executives. Then add additional measurements that are important to your company. Consider metrics such as cost per case by department and by functional activity, such as receiving, storage and replenishment, order selection, etc., scratches, damage and equipment utilization.

Every day a report should be generated that looks at logistics performance and on-time deliveries. This information should be made available to all associates so they understand how the company is doing. An example of this report shows the following:

CUSTOMER SERVICE REPORT CARD FOR WEDNESDAY, OCT. 31, 2005				
Number of deliveries: 100		Number of customer orders: 240		
Cases shipped: 150,000		Pounds/cubes shipped: 1,000,000/140,000		
On-time delivery performance: 98.3%		Percent of orders shipped: 97.5%		
Number of late arrivals by customer		Reason for delay call store?		
525	ABC Food	72 minutes	Weather	yes
524	ABC Food	65 minutes	Traffic	yes
555	ABC Food	38 minutes	Warehouse	yes
222	Discount Foods	32 minutes	Maintenance	yes

- **Develop a Distribution Daily/Weekly/Period Performance Report by department.** This document presents the key performance indicators that tells management and associates how the department is doing against expected standards of performance. See the example provided below.

- **Review and share the information with the workforce and staff.** Regular analysis of this data should be made with the logistics management team providing reasons for successes and failures.

Receiving						
GOAL					1200	0.016
Date	Total Hours	OT%	Labor \$	Cases Received	Throughput	\$/Case
Period 1	819	8.3%	17,382	983,600	1200	0.018
Period 2	852	10.1%	17,726	981,250	1152	0.018
Period 3	785	4.5%	16,599	935,000	1191	0.018
Period 4	758	4.3%	15,771	938,500	1238	0.017

Shipping Analysis						
GOAL					1325	0.078
Date	Total Hours	OT%	Labor \$	Cases Received	Throughput	\$/Case
Period 1	723	9.1%	87,814	959,000	1327	0.092
Period 2	772	9.3%	88,278	939,000	1217	0.094
Period 3	703	4.5%	79,131	930,000	1322	0.085
Period 4	716	5.7%	77,820	922,500	1289	0.084

Be Careful When Comparing

All of the previous factors contribute to making your warehouse operation different, so comparing your results to another company's results without knowledge of its operating environment can be misleading. However, the study does offer quality information that can assist you in identifying the strengths and weaknesses of your public refrigerated warehouse.

The first step in reviewing the results from the study is to confirm that your input data are accurate. Review such key factors such as weight per case, sales per case, cases per order, cases per square feet, proper unit of measurement, etc., to verify data integrity. As discussed above, participants were asked to provide measurement of cases vs. units using the following definition:

Case = Any packaged unit weighing less than 100 pounds.

Unit = Any full pallet, tote, drum weighing over 100 pounds per container.

The second step is to measure your performance against industry averages, as well as the best performers. The appendix material provides individual company responses that will show you how to compare your key results with other participating warehouses. Performance benchmarks have been developed based on database averages and experience. These benchmarks are highlighted throughout the report for each functional area of the business: receiving, storage and replenishment order selection, shipping, and wages and benefits.

The third step is to measure your performance over a period of time, identifying both positive developments as well as new opportunities. If you have regularly collected this type of data for several years, it is possible to analyze your individual location's trends. The primary performance measures used in this report include the following:

1. Revenue per case or unit - Total revenues divided by the total number of cases or units handled both inbound and outbound.
2. Cost per case or unit - Costs of the entire plant (including administration, but excluding depreciation, lease and interest expense) divided by the number of cases or units handled both inbound and outbound.
3. Cases or units per man-hour (Throughput) - Equals the number of cases or units received, plus the number shipped during a specific time period, divided by the number of direct hours worked for the same period.
4. Throughput Pounds - The number of pounds received, plus the number of pounds shipped during a specific time period, divided by the number of direct labor hours worked during that same period.
5. Inventory Turnover - Calculated as the result of total pounds handled in and out during the year, divided by two times the average pounds stored.
6. Revenue per Cubic Foot of Warehouse Space - Total revenue divided by gross cubic feet of warehouse space.
7. Gross Weight per Case or Unit - Use the definition of cases and units as defined above
8. Expenses as a Percent of Sales - Measured by functional area, or by customer. Measuring by customer is becoming increasingly more important as customers request different levels of service.
9. Earnings before interest, tax, depreciation and amortization (EBITDA) - This measure is considered important to most. Participant results have been ranked using this measure from lowest to high performers.

To provide the best possible information, considerable effort was made to edit the data reported to reflect normal operating parameters for the cold storage warehouses. Key statistics such as weight per case, sales per case and employee wage rates were utilized to insure that an apples to apples comparison of information is provided whenever possible.

The purpose of the Productivity and Benchmarking Survey Report is to:

- Discuss the key trends affecting the cold storage business;
- Provide benchmarks for the refrigerated warehouse membership to utilize when analyzing distribution center operations;
- Offer explanations about opportunities and issues challenging the refrigerated warehouse industry;
- Measure and report productivity facts;
- Offer suggestions about how to improve the operation through the development of a best practice guide; and
- Provide executive management with a summary of the most important points.

The **Productivity and Benchmarking Survey** questionnaire was made available to IARW members in January of 2006 to allow members to use this questionnaire as a tool in collecting key financial and operating results during their annual evaluation process. Completed questionnaires were returned directly to an independent CPA firm by May 31. The questionnaire was divided into several sections requesting information from various departments and operations throughout the company as follows:

1. Profile of the Participating Warehouse
2. Facility Data
3. Financial Results
4. Operating Benchmarks
5. Labor Hours and Headcount
6. Receiving Practices
7. Storage and Replenishment
8. Order Selection
9. Shipping
10. General Operating Issues
11. Wage and Benefit Results
12. Appendix of raw data

The **Glossary of Terms** attempts to maintain comparability of data collected from participating warehouses, as they were provided this glossary with their survey questionnaire. The glossary defines certain key terms used in the report, how these terms were interpreted for use in the survey, and how certain key results were calculated for use in the report.

The **Executive Summary** provides an overview of the most important developments for use by corporate executives, division presidents, and other key staff members.

The **Appendix** summarizes some of the raw data submitted by each individual participant and calculates several key benchmark results for each participant as used in this study. This appendix information allows you to more closely evaluate the overall range of key benchmark results.

GLOSSARY OF TERMS

Blast Freezing - Any method that is used to rapidly (72 hours or less) freeze products.

Case – Any unit weighing less than 100 pounds.

Cooler – Any temperature 28 degrees Fahrenheit (-2 degrees Celsius) or higher used to store products.

Direct labor – All hourly employees and hourly paid supervisors who touch the product.

Freezer – Any storage area from zero degrees Fahrenheit to minus 10 degrees Fahrenheit used to store product. (minus 18 degrees Celsius to minus 23 degrees Celsius).

FTE – Full Time Equivalent – Part time hours worked equaled to forty hours per FTE. For instance, two part time employees working 20 hours each equals one FTE.

Indirect Labor – All hourly personnel and salaried personnel involved in non-touch functions, such as clerical, administrative, sanitation, maintenance and management involved in operating the specific warehouse. Does **not** include allocation of corporate, sales, or administrative personnel costs.

Low temperature – Any storage area at temperatures from minus 11 degrees Fahrenheit to minus 20 degrees Fahrenheit used to store products. (minus 24 degrees Celsius to minus 29 degrees Celsius).

Number of inventory turns – The calculation of the number of times inventory turns over during the year should be calculated as follows:

$$\text{Inventory Turns} = \frac{\text{Total Pounds Handled In and Out During the Year}}{2 \text{ times the Average Pounds Stored}}$$

Pallet Facing – 48 x 40 = 40” wide (front opening)
40 x 48 = 40” wide (front opening)

Pinwheeling – Stacking product for shipping with a 48” face next to a 40” face.

Revenue per Case – Total revenues divided by total number of cases handled both inbound and outbound.

Revenue per Pallet – Total revenues divided by total unit (pallets, tote, drums, etc.) positions, including un-racked storage used for totes, combos, or drum storage.

Revenue per Cubic Foot – Total of all warehouse revenue (excluding transportation and trucking) divided by total storage and dock cubic footage.

Revenue per Associate – Total of all warehouse revenue divided by all number of personnel including FTEs at warehouse manager level and below.

Throughput Cases – Equals the number of cases received, plus the number of cases shipped during a specific time period divided by the number of direct labor hours worked for the same time period. For example, 100,000 cases in, plus 200,000 cases shipped out, divided by 200 direct labor hours worked for the same time period is calculated as follows:

$$\begin{array}{rcl} 100,000 + 200,000 & & \\ 200 \text{ Direct Hours} & = & 1,500 \text{ cases per hour.} \end{array}$$

Throughput Units or Pallets – Equals the number of pallets received plus the number shipped during a specific time period divided by the number of direct labor hours worked for the same period.

Throughput Pounds – The number of pounds received, plus the number of pounds shipped during a specific time period, divided by the number of direct labor hours worked during that same period.

Unit – Any full pallet, tote, drum, or combo over 100 pounds per container.

Warehouse Types – Currently, there are no industry guidelines that all warehouses follow when measuring productivity performance. Productivity is impacted by the variables of each type of operation. For purposes of this survey, warehouse types are defined in the following manner:

1. Distribution: Case and pallet shipments for manufacturers. For purposes of this survey, warehouses with more than four inventory turns per year will be considered distribution warehouses.
2. Commodity: Production and storage warehouse operations with generally four or fewer inventory turns per year.
3. Combination: Includes operations of all of the above types.

EXECUTIVE SUMMARY

Background of Participants

Approximately 40 companies throughout the U.S. and Canada participated in this survey. The participating companies, representing approximately 190 warehouses, provided results from a sample of one hundred and eight (108) warehouses that were used to compile the results for this report. The refrigerated warehouse space represented by the participating companies is approximately 647,900,000 cubic feet of space, or approximately 35% of total IARW North American member space.

The size of companies that participated in this survey was almost equally distributed among small, medium, and large companies with participation percentages as follows:

- Small companies – Less than 5 million cubic feet = 37%
- Medium companies – 5 to 15 million cubic feet = 29%
- Large companies – Over 15 million cubic feet = 34%

Almost one-half of the IARW top twenty largest members participated in this survey.

Distribution vs. Commodity Storage and Production Warehouses

There are significant differences in the warehouse operations among the membership of the IARW. Different customers, different activities, and different management structures make it difficult to produce one report for the cold storage industry. Wide variances in productivity benchmarks, such as throughput, forklift moves per hour, etc. is caused by the differences in the customer base and service expectations. One key difference is that operations and measurement results of commodity storage and production warehouses vary from those used by distribution warehouses. Whenever possible, survey results have been categorized into one of two general operating categories using the annual number of inventory turns as follows:

- **Commodity:** Operations with four or fewer inventory turns per year. This grouping also includes a few warehouses with slightly more than four inventory turns, but who have identified their operating space as being used predominantly (75% or more) for commodity storage or production activities.
- **Distribution and Combination:** Operations with more than four inventory turns per year.

This classification of participants using inventory turns is deemed by the Productivity and Benchmarking Task Force to be relevant to the refrigerated warehouse industry. The calculation of inventory turns is explained in the glossary included in this report.

Summary Benchmark Results

Participating warehouse financial results were evaluated using earnings before interest, taxes, depreciation and amortization (EBITDA) as the key financial performance measure. Each participating warehouse was then ranked by EBITDA results from lowest to highest in an attempt to determine which performance measures may contribute to greater profits. In addition to calculating the overall average of all participating warehouse's results, range result averages have been provided to report the average results of the low, middle and top performers based on EBITDA using "quartiles". The quartile ranges are defined as follows:

- Low 25% Quartile – 25% of participating warehouses with EBITDA from loss to 23%
- Middle 50% Quartile – 50% of the participating warehouses with EBITDA ranges from 24% to 35%
- Top 25% Quartile – 25% of the participating warehouses with EBITDA over 35%.

Measure	Average All Warehouses	Quartile Averages		
		Low 25% Quartile	Middle 50% Quartile	Top 25% Quartile

As % of Revenue:

Plant labor and fringe	33.8%	38.1%	35.1%	26.9%
Plant utilities	10.9%	14.0%	10.2%	9.1%
Other plant expenses	11.5%	15.1%	11.4%	7.8%
Admin salaries and fringe	3.2%	4.6%	2.6%	3.4%
Administrative - other	8.4%	7.9%	8.3%	6.0%
Other expenses	4.2%	6.0%	3.7%	3.4%
EBITDA %	28.7%	14.1%	28.7%	43.3%

Revenue Per:

Cubic Foot of Space	\$ 1.30	\$ 1.32	\$ 1.36	\$ 1.15
Total Employee	\$ 132,338	\$ 131,429	\$ 121,357	\$ 155,209
Direct Employee	\$ 220,470	\$ 247,072	\$ 185,728	\$ 268,189

Other Measures:

Inventory Turns per Year	8.0	6.9	8.4	8.2
Throughput pounds per hour	6,160	5,813	5,287	8,114
Throughput cases per hour	284	310	248	338
Pounds shipped per month	10,489,962	7,313,550	9,053,700	16,628,026
Cases in & out per month	994,097	848,555	1,017,375	1,067,300

Profit Trends

EBITDA improves as:

- Costs as percent of revenue decrease
- Revenue per employee increases
- Throughput pounds and cases per hour increases
- Pounds shipped per month increases
- Size of warehouse operations increases (economies of scale)

Profit by Company Size

An analysis of the EBITDA % results by quartile and company size indicates that almost one-half of the lowest performers (Low 25 quartile) are represented by small companies, while only 18% are large companies. On the other hand, almost one-half of top performers (Top 25% quartile) are large companies. Economies of scale may account for much of this trend. However, as demonstrated by the table below, good management and cost control also contributes to profitability as evidenced by the 36% of top performers that are small companies.

Company Size	Quartiles		
	Low 25%	Mid 50%	Top 25%
	Percent of Companies		
Small	46%	14%	36%
Medium	36%	36%	18%
Large	18%	50%	46%

Revenue Recognition

Participants were asked whether they deferred all or part of their revenue upon receipt to recognize the revenue at a later time when the corresponding services are performed. Approximately 35% of participants indicated that they defer storage revenue, and 60% defer handling revenue. Of those participants that defer handling revenue, the timing of the revenue recognition of the handling revenue is recognized as follows:

Fee is bundled and recognized as revenue upon outbound delivery	56%
A portion of the revenue recognized at inbound with the balance recognized upon outbound delivery:	44%

PROFILE OF THE PARTICIPANTS

One hundred eight (108) warehouses from approximately 40 companies participated in this 2006 survey. These participating companies represent approximately 647,900,000 cubic feet of warehouse space in North America, which is approximately 35% of total space of all North American members of IARW. The size of participating companies was almost equally distributed among small, medium, and large companies. Approximately 25% of the warehouses participating in this 2006 survey indicated that they also participated in the 2003 survey. The average size of all participating warehouses is 3.8 million cubic feet with average space allocation as follows:

Distribution	39%
Commodity storage	30%
Import/Export	16%
Production	9%
Other	6%

Approximately 60% of revenues were generated from frozen goods, 10% refrigerated, 10% low temperature, and 18% from blast freezing.

Of the companies participating in this survey, approximately 37% operate a single warehouse, 26% operate two to four warehouses, and 37% have five or more warehouses. The average size of all warehouses participating in this survey has 3.8 million cubic feet of space, with the smallest at approximately 1.2 million cubic feet, and the largest with over 14 million cubic feet of space. Total pounds handled in and out in a typical year averages approximately 277.3 million pounds with average pounds stored of 16.3 million pounds. Approximately 30% of the participating warehouses have been classified as commodity storage or production warehouses with annual inventory turns of approximately four or less. Most of the participating warehouses (62%) are classified as distribution or import/export (8%) with annual inventory turns averaging almost ten turns per year.

These companies operate under a variety of conditions, with different labor contracts and customer service policies. However, they also share common characteristics, such as equipment, manpower and the objective to service the customer more effectively than anyone else.

Figure 1 presents the demographics of the participants showing the wide range of operating factors, with the largest operation shipping over 162 million pounds per month while the smallest company ships only 1.7 million pounds per month. The largest facility supporting one company was over 14,000,000 cubic feet; with the smallest being 1,140,000 cubic feet. Another key area is the number of customers serviced by the warehouse, which ranged from 2 large manufacturers to 1200.

Figure 1

Operational Scale

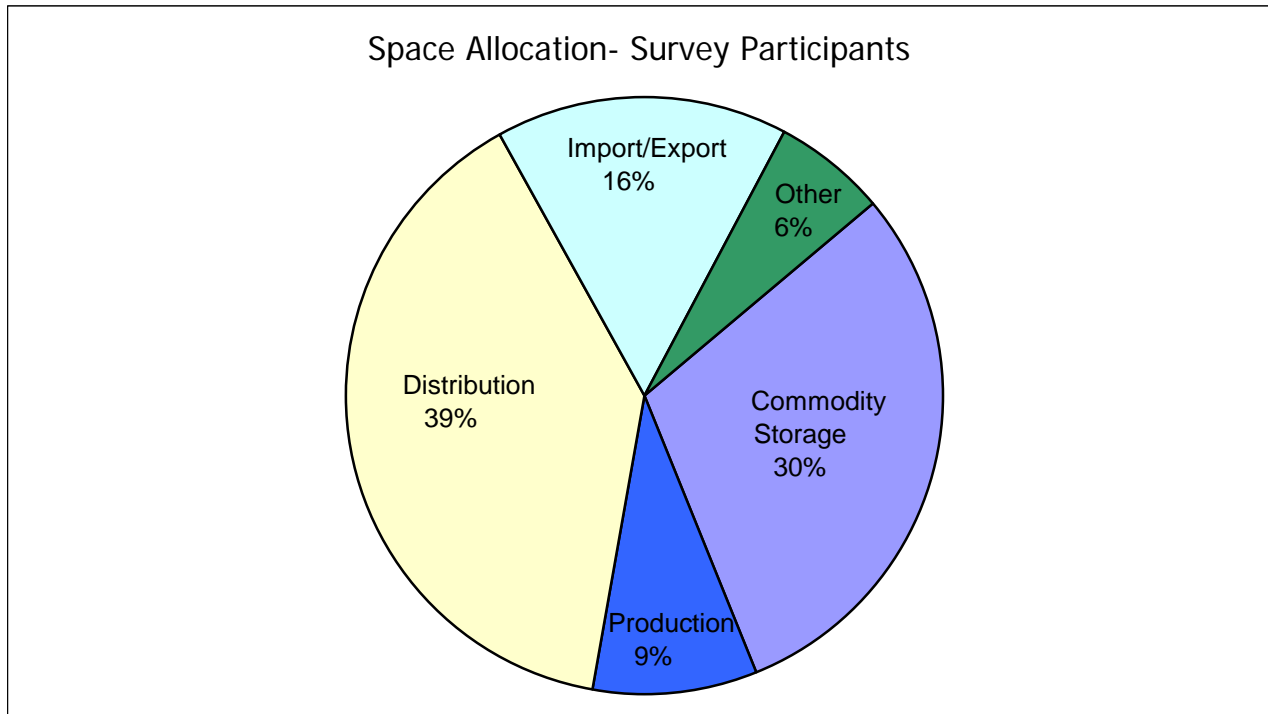
Measurement	Largest	Smallest	Average
Total Revenue	\$ 30,513,000	\$ 593,000	\$ 3,888,098
Building Size - cu.ft.	14,097,700	1,140,000	3,805,581
Number of Employees	107	4	40
Number of Customers	1,200	2	55

Represents the largest, smallest, and average value per warehouse in each category, not individual company results.

Space Allocation

Each individual cold storage facility operates with unique customers, which may require specific areas of the warehouse to be set up to handle different types of products. Some facilities store agricultural products while others focus on frozen meat, ice cream, or chilled foods. Due to location, some of the warehouses also handle shipments to and from overseas markets. Each of these types of operations requires specific, dedicated space. The largest segment of business in this survey is dedicated to distribution of manufacturer’s retail ready products with commodity storage a close second. The total space of all participants' in the survey was allocated as follows:

Figure 2



Facility Data

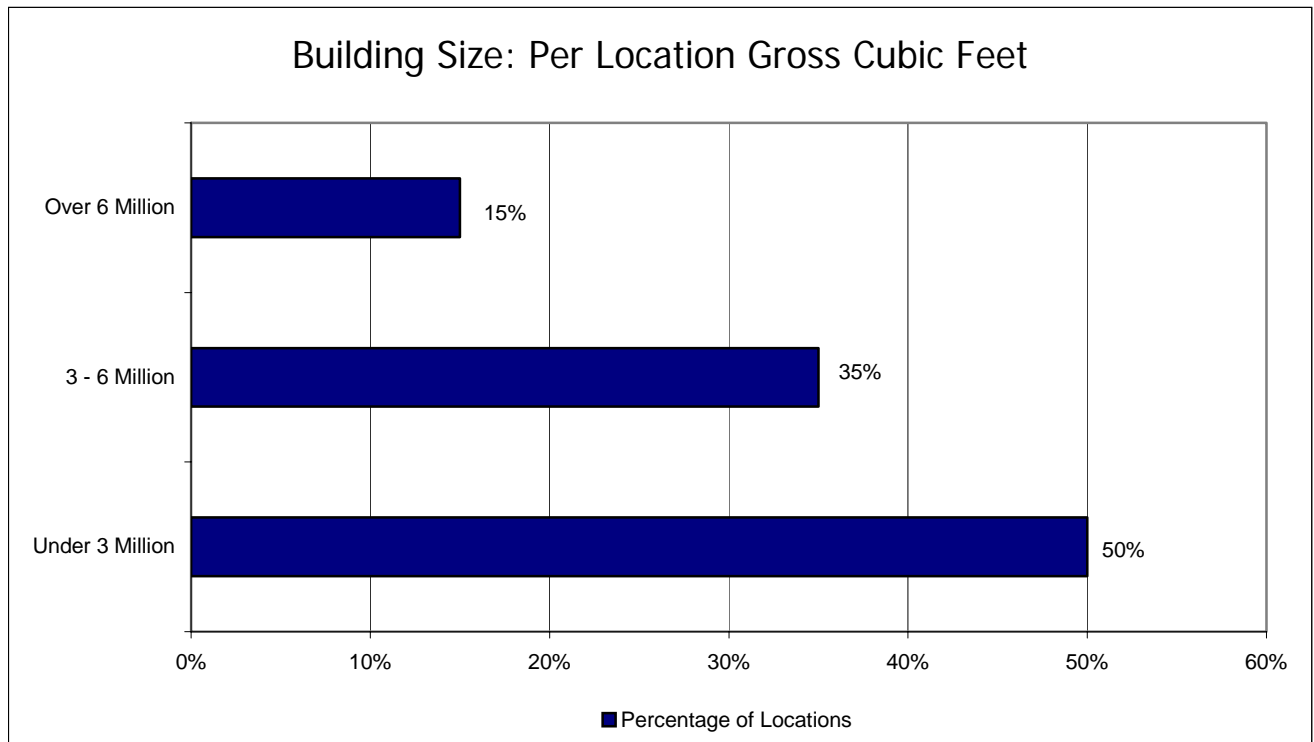
There are a wide variety of warehouse shapes and sizes operated by the participating cold storage distributors. Some of the buildings are very old and only a few of those older facilities are multi-story. These multi-story facilities operate with lower ceiling heights and narrow aisles. The newer facilities are one story, with average stacking height generally between 20 and 45 feet high, with aisle width from 9 to 18 feet. Over half of the warehouses in this survey are less than 3,500,000 cubic feet, and only a few are larger than 7,000,000 cubic feet.

The average warehouse has an inbound dock with 15 doors for receiving and shipping products. Dock space is approximately 7% of total warehouse cubic feet. Despite the problems associated with rail shipments, many of the buildings still utilize rail docks, with the average building holding 2 rail sites. The number of railcars handled per year, however, is relatively small at approximately 100 railcars per year.

Figure 3

Facility Data	
Number of multi-story buildings	4
Average aisle width	11 feet
Average number of truck doors	15
Average number of rail doors	2
Percentage of warehouses handling rail shipments	78%
Average number of railcars handled per year	117
Average building age	24
Percentage of slots racked	72%
Average Warehouse size (cu.ft.)	3,805,581
Average percentage of dock space	7%

Figure 4



Although the average warehouse in this survey has 3.8 million cubic feet of space, the average useable space is 86% of total space with an average of 15 to 18 total isles. Some of the larger warehouses have thirty or more isles. The average stacking height is 27 feet.

The average number of reserve positions in this survey is 15,100 per warehouse, with approximately 12,500 racked positions, and 2,600 free storage positions.

Customer Base

The sales foundation for the cold storage warehouse operator is found with the manufacturers of frozen foods, ice cream, and refrigerated products. These manufacturers serve a wide variety of customers in both the retail food and food service industries; therefore, shipments from the distribution center go to a wide variety of destinations. Much of the business is also seasonal due to the nature of agricultural products, which must be stored after packing, and the meat industry, which sells much of its inventory during the various holiday periods, such as Easter, Thanksgiving, and Christmas. Some warehouse operators have installed blast-freezing capabilities to provide value-added services for their customers. Survey participants have classified their warehouse revenue, as a percent of total revenue, for each temperature range at which the customer's product is stored as follows:

Definition

Refrigerated

Frozen

Low Temperature

Blast

Retailers

Temperature Range

From 28 to 55 degrees F.

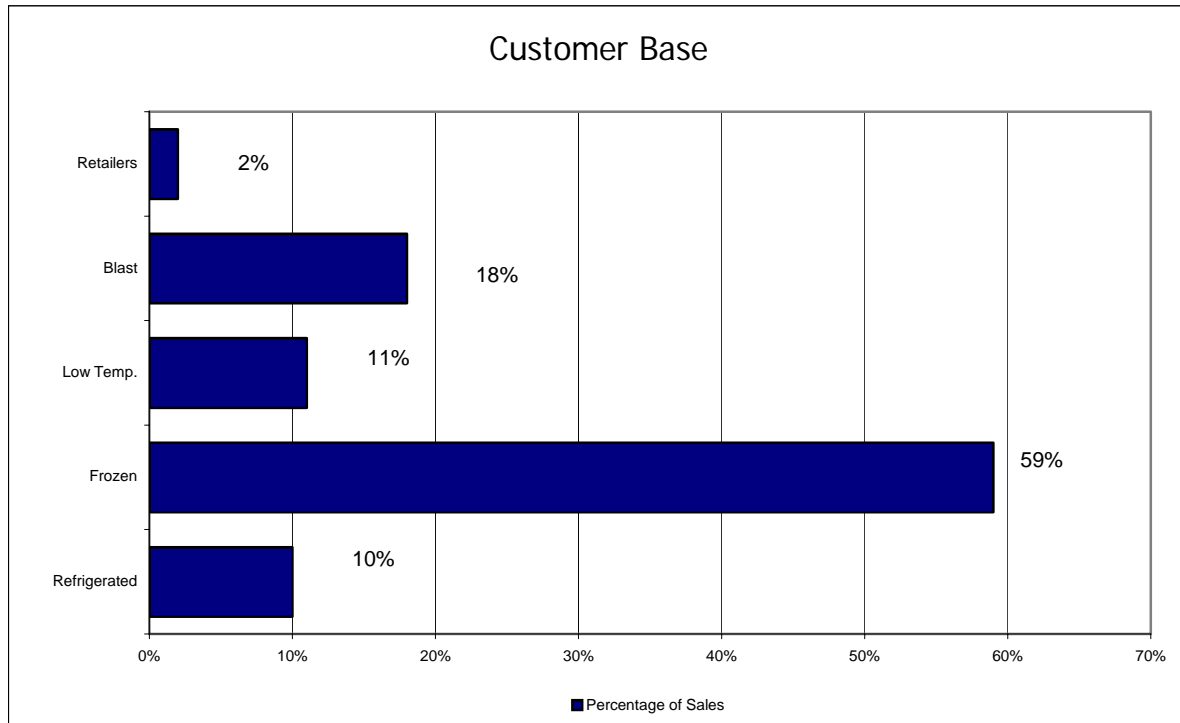
From zero to -10 degrees F.

From -10 to -20 degrees F.

Rapid freezing of product (72 hours or less)

Seasonal storage

Figure 5

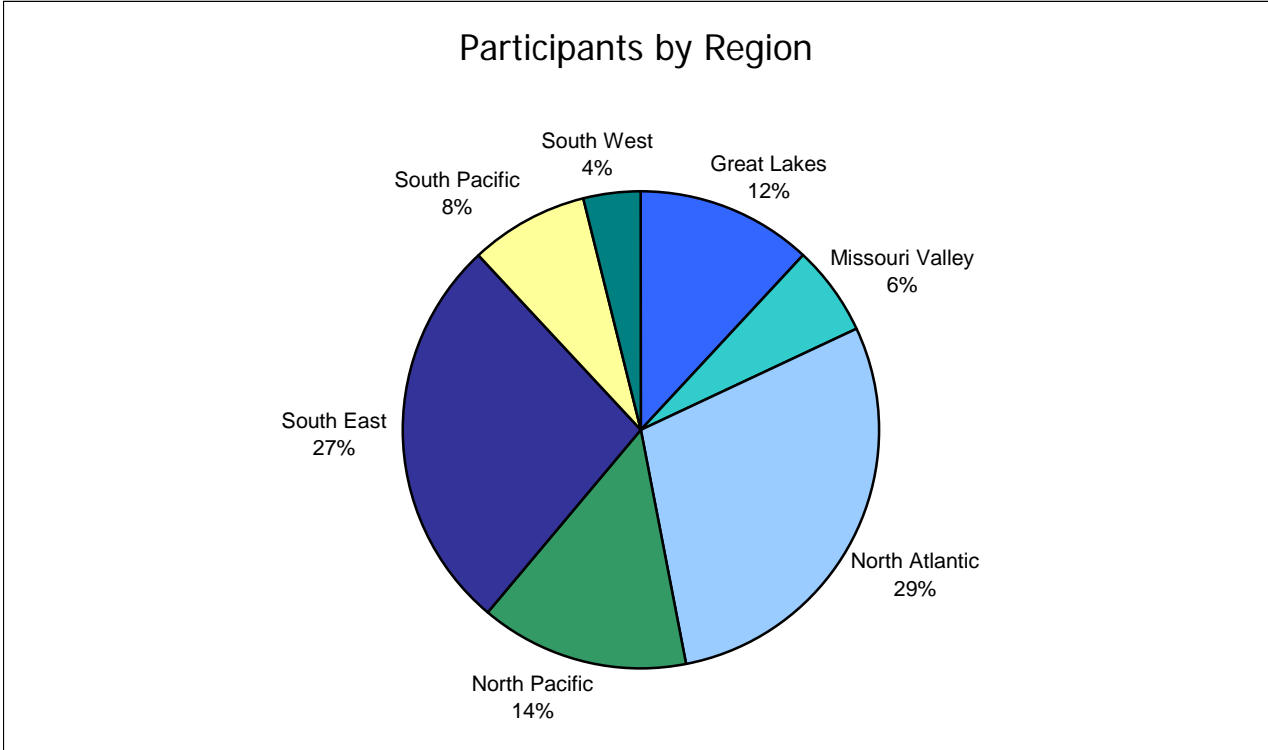


Geography

The cold storage warehouses included in the study are located throughout the North American continent, with approximately 55% of the companies based in the North Atlantic and Southeast regions of the country. Four Canadian companies representing seventeen warehouses participated in this survey. All financial data from these Canadian warehouses have been converted to U.S. dollars using the exchange rate as of December 31, 2005. With the exception of the North Atlantic and Southeast regions that had larger than proportionate participation, the geographic distribution of warehouses in this survey closely approximates the geographic distribution of the total IARW/WFLO membership.

Geographic location is a major factor in costs as climate, labor conditions and operating factors such as congestion, noise ordinances and retail store operating hours influence the work conditions of the cold storage distributor. For example, the costs of storing product for a manufacturer located in New York City are significantly higher than Des Moines, Iowa, or Lincoln, Nebraska.

Figure 6



IARW/WFLO Membership by Region

Great Lakes	16%	South Pacific	16%
Southeast	21%	Southwest	7%
Missouri Valley	11%	North Pacific	10%
North Atlantic	19%		

TRENDS AND DEVELOPMENTS

This study looks at certain key aspects of the cold storage business seeking to identify the key performance indicators and productivity measurements that determine how well the warehouse is being managed. Whenever possible, data from previous refrigerated warehouse surveys, have been included so trends and patterns can be analyzed from a historical perspective.

Changing Customer

Over the past several years, the entire cold storage industry has experienced deflation in the revenue dollar, which presents unique challenges for management to develop new and creative programs to increase sales. At the same time, consumers are changing their traditional food purchasing patterns. The time-starved family is satisfying its hunger needs in a variety of retail outlets providing meal solutions, which may include drug stores, take-out restaurants, kiosks and even video stores. These “new” channels of distribution offer cold storage distributors the opportunity to service these accounts, which means creating new supply chain programs. The effect of these developments has been significant, as many refrigerated warehouse operators, food distributors, and retailers are searching for new ways to go to market.

With the recent decline in the economy, the food manufacturing business is also struggling. Coupled with corporate reengineering, a difficult operating environment is affecting even the best managers. Managers are being asked to do more with fewer employees. As a result, today’s cold storage distribution center executive is being challenged to squeeze out unnecessary expenses in all aspects of the operation. A lean and mean, do-it-with-less atmosphere has been introduced into many companies. This new business philosophy has put more pressure on all warehouse managers to reduce costs and become more efficient. Management must also be cautious of pricing additional services requested by today’s customers to insure that they are covering the cost of providing the services. The bottom line is that a more professional distribution manager is needed to meet the demands of the new industry strategy.

New Perspective on Logistics

More top-level, food manufacturing executives are beginning to understand the potential of a well executed supply chain strategy and they are now recognizing the importance of logistics. These companies seem to be pursuing two distinct directions to achieve their objectives. Some pursue logistics excellence through their own staff, by hiring experienced logistics managers, while others have chosen to utilize third party professionals. In either case, logistics is now viewed as a competitive weapon.

A second major concept being embraced by the best cold storage warehouse operations, is the understanding that being the low cost distributor of product and services in their marketing area provides the company with the opportunity to obtain more business through those lower prices. By managing the distribution center more effectively than the competition, these operators are winning the battle. Long term, the most effective warehouses that offer superior customer service will dominate the marketplace. In order to compete, knowledge about detailed expenses is imperative for all professional distribution center managers. Additionally, building a

reputation for trust, problem solving, accuracy, lot control, and quality facilities will overcome customer-pricing demands.

Activity Based Costing

A third concept focuses on incorporating Activity Based Costing (ABC) into the financial and operating arenas. To enhance traditional accounting principles, which capture and present data by function (i.e. labor, supplies, etc.), ABC looks at the data by activity (i.e. receiving, loading, etc.), or account base (customers), and seeks to determine costs to complete these jobs or meet specific customers needs.

The purpose of ABC is to measure costs of doing business from a process perspective so that one can analyze the following:

- individual customer costs—what is the difference in the costs to service small manufacturers vs. national suppliers?
- functional changes in the operation—what is the impact of implementing radio frequency bar code scanning on the receiving dock?
- changes in procedure—what will it cost if order selectors were asked to load the selected pallets into the trailers rather than dropping them on the dock?
- inventory costs—what does it cost to handle fast moving product vs. slow movers?
- operational uniqueness—what does it cost to operate non-union vs. union, day shift vs. night shift. Monday vs. Tuesday, etc.?

The benefits of implementing ABC practices has been minimal to date in most companies; however, the astute executive is using this concept to learn more about his/her business and to make better business decisions. For example, several public refrigerated warehouses have been implementing menu-based services and fees, where customers pay only for what they need. Several have changed their entire fee structure to include incentives and discounts where efficiencies can be shared. Several have started to charge manufacturers for handling the slow turnover items and small lots, because they cost more to handle.

Highlights of Key Developments

- **Economies of scale.** The move to mega distribution centers and nationwide warehouse operations supporting a specific marketing region or the entire country is having a significant effect on the costs of doing business. The ability to leverage resources in one large facility reduces administrative and fixed costs substantially, and provides the opportunity to obtain much higher returns on capital and assets deployed. The manufacturers move to one key distributor for all their inventory needs reduces overhead and improves the execution of the supply chain.
- **Reduced inventories and deals.** The amount of inventory being held by cold storage distributors is going down as more manufacturers reduce their trade allowances and expand their participation in continuous replenishment programs. Some cold storage distributors are reporting declines of as much 10 percent over the past several years.

- **Specific product strategies.** Many companies, both manufacturers and retailers are now introducing specific product strategies to reduce their investment in slow moving merchandise, which suggests that these cases will be handled in large centralized facilities supporting an entire region. These SKU's are being selected by store order in the host distribution site, transported to another distribution center where the pallets are cross docked, and married with fast moving temperature controlled items to be delivered to the retailers in that geographic area.
- **New technology and information systems.** The move to implement more technology, specifically radio frequency systems, coupled with warehouse management software will dramatically reduce costs, increase accuracy and improve productivity. Most companies have experienced tremendous improvements in receiving and storage/replenishment functions with vehicle-mounted computers with bar code scanning successfully integrated into the operations.
- **Empower the workforce.** More companies are working with their employees/associates to empower them to make a bigger contribution to the overall success of the company. Several cold storage warehouses have made a commitment to worker teams and are continuing to evolve this new worker/associate environment.
- **New item growth.** The number of items being introduced into the marketplace continues to grow, which negatively affects productivity. Although many manufacturers have begun to reduce the number of products by size in a specific category, the trend to expand SKU count will not stop as we become a global society and more products are introduced from other countries and cultures. Some studies predict the number of items carried will grow significantly in the next several years.
- **Food safety changes.** The concern for food safety continues to make headlines, encouraging food distributors to implement new handling methods for fresh and frozen foods, such as temperature monitoring throughout the entire food supply chain. With the increased threat of terrorism, more systems will need to be put into place to ensure food safety.
- **Safety in the workplace gains more attention.** Reduced package sizes, use of automation and robots, plastic pallets and returnables, such as the plastic tote used in Europe for produce and meat, will all be mainstreamed into the global food distribution process as the industry seeks to improve working conditions for its associates and to lower costs. Weight per case will continue to be monitored. Wellness programs, sponsored by professional health organizations will be adopted as companies make a strong effort to reduce worker's compensation costs.

FINANCIAL BENCHMARKS

Developing productivity benchmarks for cold storage warehouses from a questionnaire is a difficult task because there are different ways to classify expenses and measure the performance of a function or a specific activity. Currently, there are no industry guidelines that all warehouses should follow when accounting for expenses or measuring productivity performance. Each company has a unique perspective they employ to monitor productivity.

Productivity is impacted by the variables of each operation. These unique variables require specific measurements for each operating category: commodities, production, distribution, and import/export. Cold Storage operators are taking on more value-added tasks, which significantly affect productivity. They are also working for a wide variety of customers who request different support activities. The net result is that benchmarking data should be segmented by customer, product group, and function, wherever possible.

The first step in developing performance benchmarks is to identify the common operating elements that establish a baseline for discussion. These measurements determine a perspective, which provides the reader with a foundation for analyzing the detailed productivity results. Operating benchmark results below provide the operating averages for the 108 warehouses that participated in the study by the warehouse type, which was defined in the following manner:

- Distribution: case and pallet shipments for manufacturers
- Commodity: production and commodity storage warehouse operations
- Combination: all of the above operations

Note: Only six participants identified their operations as primarily Import/Export operations. Consequently, those results are included in combination warehouses above.

Figure 7

Operating Benchmark			
<u>Productivity Measure</u>	<u>Distribution & Combination</u>		<u>Commodity</u>
Revenue per cubic foot	\$	1.24	\$ 1.17
Cases in and out per direct hour		292	233
Pounds in and out per direct hour		6,207	5,793
Inventory turns per year		9.9	4.4
Average cases per order		1,568	599
Customer orders per month		1,604	747

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

As discussed in the Executive Summary above, participating warehouse financial results were evaluated using EBITDA percentages as the key financial performance measure. Each participating warehouse was ranked by their EBITDA percentage from lowest to highest in an attempt to determine which performance measures may contribute to greater profits. Participant's

EBITDA in this survey ranged from a loss to over 40% with an overall average of 28.7%. Profitability is not the result of gross revenue alone, but is a result of operating efficiencies applied in generating those revenues. Based upon the results of this survey, profitability also improves as the company size grows. For instance, companies with up to 15 million gross cubic feet of space averaged EBITDA of 27%, while those larger than 15 million cubic feet averaged 32%. Participation in this survey was almost equally represented by company size as participants consisted of 37% small companies (total space under 5 million cubic feet), 29% medium size companies (5 to 15 million cubic feet), and 34% large companies (over 15 million cubic feet).

In addition to calculating overall survey averages for all participating warehouses, range results have also been provided to report the average results of the low, middle and top performers based on EBITDA using “quartiles”. The quartile ranges are defined for this report as follows:

- Low 25% Quartile – 25% of participating warehouses with the lowest EBITDA, averaging 14.1%
- Middle 50% Quartile – 50% of participants with EBITDA averaging 28.7%
- Top 25% Quartile – The top 25% of participants with EBITDA averaging 43.3%

Several common performance measures are discussed below in relation to EBITDA results.

Number of Inventory Turns per Year

Annual inventory turns have been calculated for all participants as total pounds handled in and out during the year divided by two times the average pounds stored. The change in average inventory turns does not increase significantly as EBITDA increases. For example, the low 25% quartile warehouses averaged 6.9 turns per year, while the top 25% quartile averaged 8.2 turns. The overall average for all participating warehouses was 8 turns per year.

To further test the impact of turns on earnings, participating companies were ranked by number of turns into two groups. The first group consists of those warehouses with 7 turns or less, and the other group is those warehouses with more than 7 turns per year. The average EBITDA was 31% for the group with 7 turns or less, and 29% for the group with more than 7 turns. This indicates that the number of turns, by itself, does not significantly affect profitability.

Company Size

As discussed above, small and medium size companies averaged EBITDA percentages of 27%, while the larger companies (over 15 million cubic feet of space) averaged 32%. For additional illustration, of the companies in the low 25% quartile with EBITDA averaging 14.1%, 82% were small to medium size companies, and only 18% were large companies. On the other hand, the best performers with EBITDA percentages over 35% consisted of 46% large companies and only 36% small companies.

Revenue per Cubic Foot

Revenue per cubic foot by itself does not appear to directly influence EBITDA. For example, those companies in the low 25% quartile experienced revenue per cubic foot of \$1.32, while the top performers in the top 25% quartile averaged \$1.15 cents per cubic foot. Cost control and operating efficiencies will generally produce better earnings.

The bottom line of any warehouse operation is to measure the financial performance of the functions and activities required to service the customer. As a result of the diversity of the cold storage warehouses that participated in this survey, different types of warehouses contribute different levels of income. These graphs show there are significant differences between the warehouses that distribute, and the warehouses that store various agricultural commodities. There are also significant differences in the revenue measurements when analyzing case handling activities versus space utilization.

Figure 8

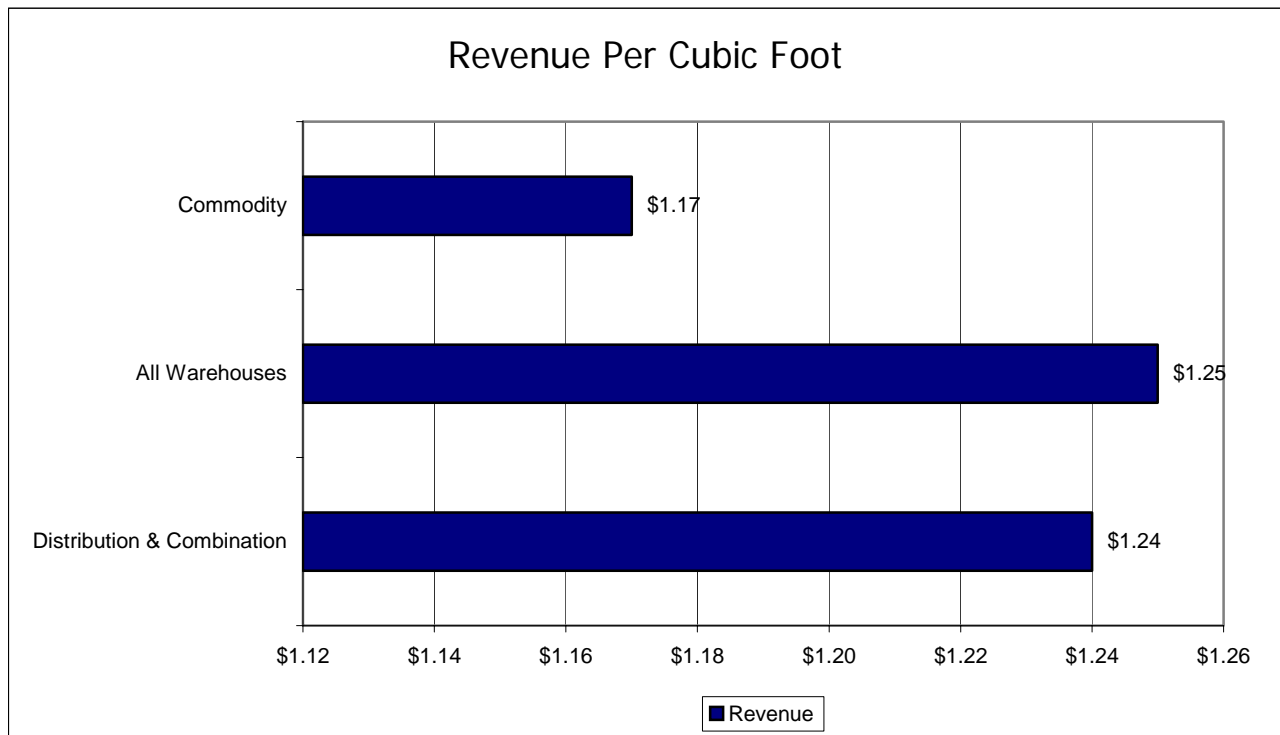
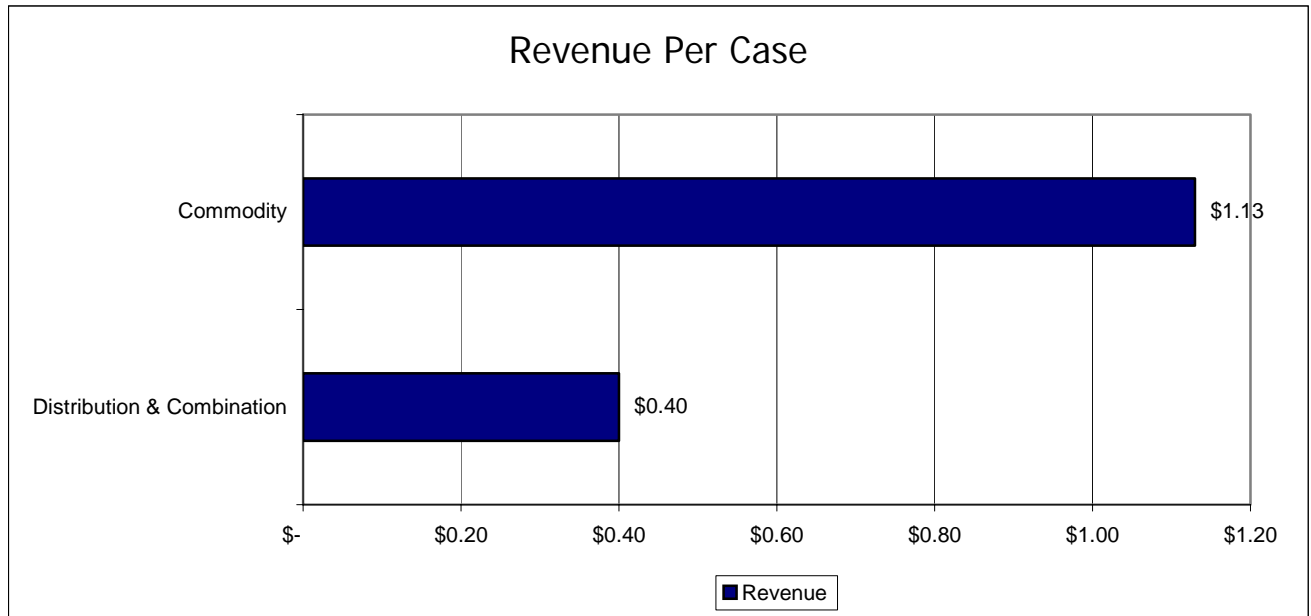


Figure 9

*The shipping unit varies by customer with different weights and case sizes. As defined, a case equals a unit that weighs 100 pounds or less.



Revenue per Direct Labor Employee

As discussed previously in this report, doing more with less appears to be a formula for success. For example, those companies in the low 25% quartile produced \$247,072 of revenue per direct labor employee, while those in the top 25% quartile produced \$268,189 per direct labor employee. The results of revenue per total employee follows the same trend with the lower performers producing \$131,429 per total employee, while the best performers produced \$155,209 of revenue per total employee. Data is presented on manpower requirements utilizing **all** people involved in the entire warehouse operation, which includes direct or “touch” staff and indirect personnel, such as maintenance, sanitation, clerical and supervision. Revenue per associate does not include management, ownership, or any employee above the facility manager level.

Figure 10

Note: Distribution and Combination associates are considered to be employees below the corporate level from facility manager down. Only full-time equivalents should be used in calculation.

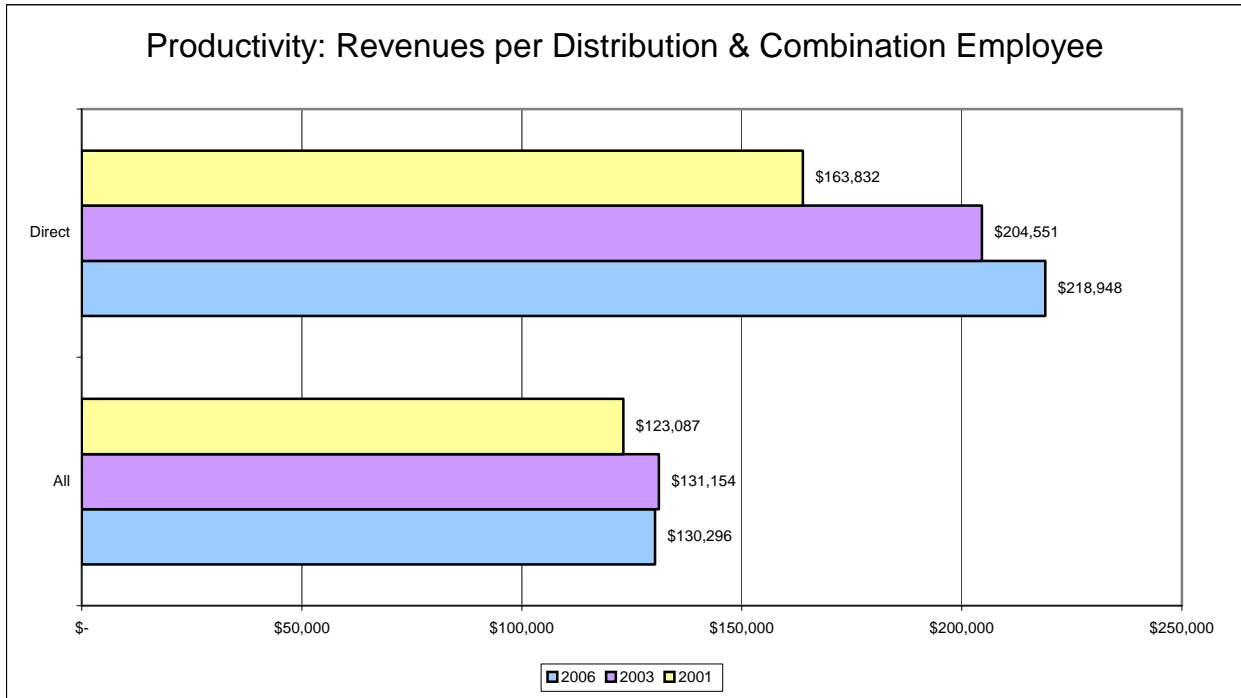
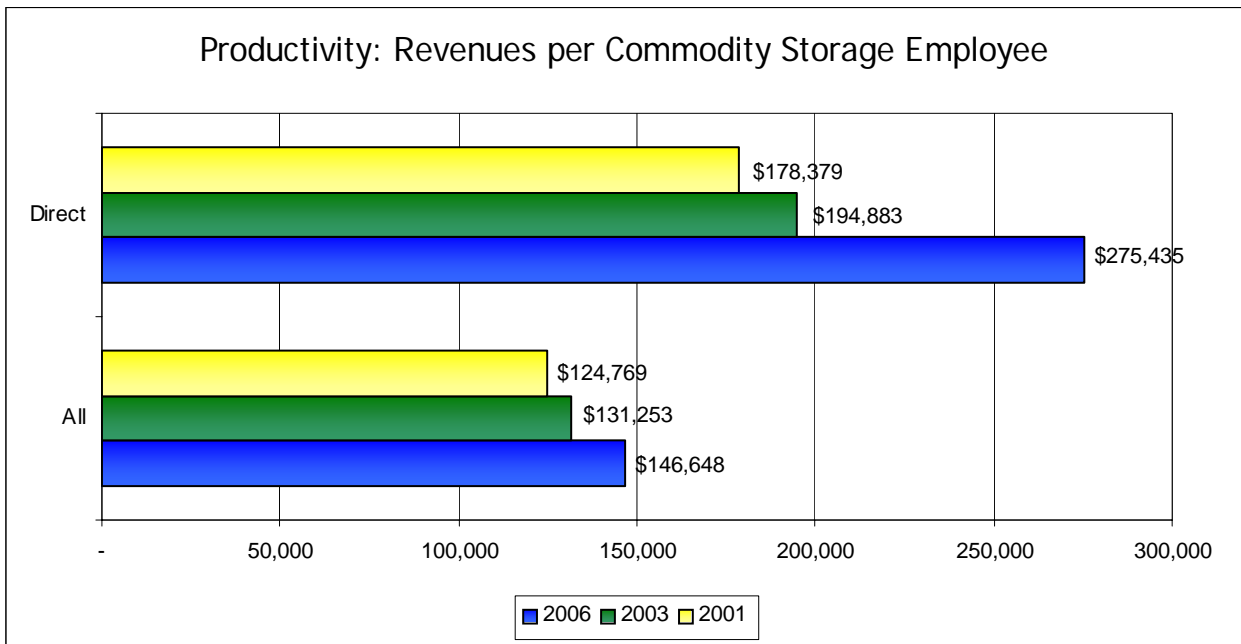


Figure 11



Throughput

For purposes of this report, throughput is defined as the number of full cases received and shipped, or the number of pounds handled in and out, divided by the number of hours invested. Most of the companies calculate this ratio by using direct or touch labor hours only. Only a few seem to use total hours, which include the support activities such as sanitation, maintenance, supervision, etc.

In compiling data for this 2006 report we instructed participants to consider direct labor employees to include only hourly wage employees on the dock and in the warehouse up to and including the first line of warehouse supervision. It does not include management above that level. As shown in the 2006 survey results below, increased productivity, as measured in cases and pounds shipped and received per direct labor hour, improves profits.

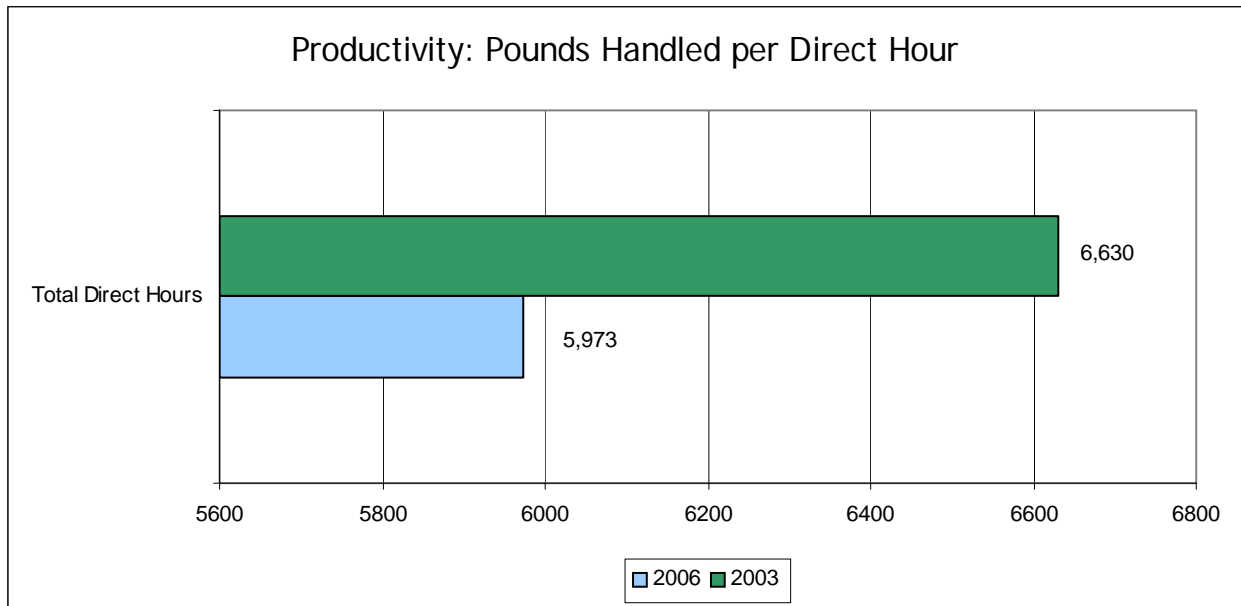
Throughput Cases per Hour

Throughput cases is defined and used in this report as the number of cases shipped and received in a typical month divided by the total direct labor hours worked during that period. The overall average for those warehouses participating in this survey is 284 cases per direct labor hour, up from 270 cases in the 2003 survey. The low 25% quartile participants averaged 310 cases, the middle quartile averaged 248, and the top 25% quartile averaged 338 cases per hour.

Throughput Pounds Handled per Hour

Defined as the number of pounds shipped and received in a typical month divided by the total direct labor hours worked during that same period. The overall survey average was 6,160 pounds handled per direct labor hour. The low 25% quartile participants averaged 5,813 per hour, while the top 25% quartile averaged 8,114 pounds per hour.

Figure 12



Pounds Shipped per Month

Pounds shipped per month for all participating warehouses averaged approximately 10,490,000 pounds per month. Similar to throughput discussed above, profits increase as productivity increases. For instance, the lowest 25% performers shipped approximately 7,313,550 pounds per month for an average EBITDA of 14.1%. The middle 50% quartile participants shipped an average of 9,053,700 pounds per month for EBITDA of 28.7%, and the top 25% quartile shipped 16,628,000 pounds per month for an average EBITDA of 43.3%.

Financial Statements - Average of All Participating Warehouses

STATEMENT OF INCOME	Average All Warehouses	% of Revenue	\$ Per Cu. Ft.
Revenue:			
Storage income	\$ 1,761,951	46.5%	\$ 0.55
Handling income	1,121,686	29.7%	0.38
Freezing income	226,661	8.4%	0.12
Other service income	670,205	13.5%	0.22
Interest and Misc.	72,087	1.8%	0.03
Total Revenue	\$ 3,852,590	100.0%	\$ 1.30
Expenses - Plant:			
Payroll-Warehouse Supervision	99,677	2.9%	0.04
Payroll-Warehouse Admin	94,970	3.0%	0.04
Payroll-Handling labor	595,027	15.0%	0.19
Payroll-Maintenance labor	87,539	2.3%	0.03

STATEMENT OF INCOME	Average All Warehouses	% of Revenue	\$ Per Cu. Ft.
Payroll-Other plant labor	106,442	3.2%	0.05
Payroll taxes	93,072	2.3%	0.03
Hospitalization & Life Insur	116,974	3.7%	0.05
Retirement plan	36,029	0.7%	0.01
Other employee benefits	30,285	0.9%	0.01
Plant utilities	327,060	10.9%	0.14
Plant maintenance & mat.	76,453	2.3%	0.03
Engine room & regrig.	27,558	1.1%	0.01
Plant supplies	53,379	1.6%	0.02
Handling equipment	43,900	1.2%	0.01
Plant security	6,410	0.2%	0.00
Sanitation	9,660	0.2%	0.00
Demuarage & detention	6,486	0.2%	0.00
Claims-over & short	6,264	0.3%	0.00
Loss & damage	10,179	0.3%	0.00
Other plant expenses	240,336	4.1%	0.07
Total Plant Expenses	\$ 2,067,702	56.1%	\$ 0.75
Expenses - Administrative:			
Admin salaries	172,083	4.3%	0.05
Administrative - fringe benefits	40,844	0.9%	0.01
Travel & entertainment	23,698	0.6%	0.01
Telephone & fax	17,120	0.5%	0.01
Information technology sys.	23,377	0.7%	0.01
Charitable contributions	6,000	0.1%	0.00
Dues, fees & subscriptions	6,100	0.1%	0.00
Advertising & P.R.	5,132	0.1%	0.00
Other selling expenses	908	0.0%	0.00
Repair & Maint - office	4,801	0.1%	0.00
Office supplies, software, etc.	21,971	0.6%	0.01
Postage & delivery	3,362	0.1%	0.00
Professions-legal, accounting	23,229	0.7%	0.01
Bad debt expense	6,291	0.2%	0.00
Taxes - sales and use	11,014	0.3%	0.00
Other administrative expenses	53,058	1.6%	0.02
Total Administrative	\$ 418,988	10.9%	\$ 0.14
Other Expenses:			
Property taxes & license	95,216	2.5%	0.03
Insurance - P&C	59,244	1.7%	0.02
Total Other Expense	154,460	4.2%	0.06
Total Expense before Deprec.	\$ 2,641,149	71.3%	\$ 0.94

STATEMENT OF INCOME	Average All Warehouses	% of Revenue	\$ Per Cu. Ft.
Operating Profit (EBITDA)	\$ 1,211,441	28.7%	\$ 0.36
Depreciation	358,911	9.1%	0.11
Lease expense-Bldg. & Equip	187,797	6.9%	0.09
Extraordinary (gain) loss	6,681	0.3%	0.00
Financial & interest expense	117,427	3.1%	0.04
Net Income (Loss) Before Tax	\$ 540,625	9.3%	\$ 0.12

BALANCE SHEET:			
Current Assets	\$ 1,615,133	Current Liabilities	\$ 936,725
Fixed assets - cost	8,489,416	Long-Term Debt	2,221,071
Accum Deprec.	(3,856,415)	Other Liabilities	92,347
Other Assets	359,441	Equity	3,357,432
Total Assets	\$ 6,607,575	Total Liabilities & Equity	\$ 6,607,575

RATIOS:	Quartile Averages			Overall Average
	Low 25%	Mid 50%	High 25%	
Accounts Receivable in Days	42 days	35 Days	38 Days	38 Days
Current Ratio	2.9 to 1	2.1 to 1	4.5 to 1	3 to 1
Working Capital to Total Assets	.1 to 1	.1 to 1	.2 to 1	.1 to 1
Debt to Equity	.2 to 1	1.3 to 1	3.9 to 1	1.7 to 1

Summary Statement of Income - Overall Average and Averages by Quartile

Average All Warehouses	Quartile Averages		
	Low 25%	Middle 50%	Top 25%

AVERAGE \$ AMOUNTS:

Revenue:

Storage income	\$ 1,761,951	\$ 1,627,828	\$ 1,536,155	\$ 2,393,062
Handling income	1,121,686	1,031,169	1,003,489	1,468,829
Freezing income	226,661	173,733	270,186	170,086
Other service income	670,205	556,661	727,698	631,520
Interest and Misc.	72,087	85,479	30,669	156,463
Total Revenue	\$ 3,852,590	\$ 3,474,870	\$ 3,568,198	\$ 4,819,960

Plant Expenses

Plant labor	983,656	1,040,605	911,162	1,103,662
Payroll tax & fringes	276,361	245,648	286,195	279,072
Plant utilities	327,060	367,023	296,528	364,401
Other plant expenses	300,324	394,508	247,269	344,778
Other operations	180,302	53,424	304,031	-
Total Plant Expenses	\$ 2,067,702	\$ 2,101,207	\$ 2,045,184	\$ 2,091,912

Administrative Expenses

Admin salaries	92,275	101,671	66,530	143,836
Administrative - fringe benefits	18,880	30,180	15,306	17,779
Other administrative expenses	117,548	102,003	96,168	179,657
Corporate allocation	190,285	317,211	178,728	112,066
Total Administrative	\$ 418,988	\$ 551,065	\$ 356,732	\$ 453,338

Other Expenses:

Property taxes & license	95,216	122,298	74,245	121,169
Insurance - P&C	59,244	87,999	48,514	60,215
Total Other Expense	154,460	210,297	122,758	181,384

Total Expense before Deprec.	\$ 2,641,149	\$ 2,862,569	\$ 2,524,675	\$ 2,726,635
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Operating Profit (EBITDA)	\$ 1,211,441	\$ 612,300	\$ 1,043,523	\$ 2,093,325
Depreciation	358,911	297,799	338,875	455,565
Lease expense-Bldg. & Equip	187,797	59,332	188,733	291,761
Extraordinary (gain) loss	6,681	-	11,975	-
Financial & interest expense	117,427	41,372	115,542	184,599
Net Income (Loss) before tax	\$ 540,625	\$ 213,797	\$ 388,397	\$ 1,161,401

Summary Statement of Income - Overall Average and Averages by Quartile

Average All Warehouses	Quartile Averages		
	Low 25%	Middle 50%	Top 25%

PERCENT OF REVENUE:

Revenue:				
Storage income	46.5%	46.9%	43.8%	51.6%
Handling income	29.7%	29.5%	30.9%	27.6%
Freezing income	8.4%	9.2%	10.0%	4.6%
Other income	15.3%	14.4%	15.3%	16.2%
Total Revenue	100.0%	100.0%	100.0%	100.0%
Plant Expenses:				
Plant labor	26.3%	29.3%	27.0%	21.8%
Plant tax & fringe	7.5%	8.8%	8.1%	5.1%
Plant utilities	10.9%	14.0%	10.2%	9.1%
Other plant expenses	9.6%	13.5%	8.5%	7.8%
Other operations	1.9%	1.6%	2.9%	0.0%
Total Plant Expenses	56.1%	67.3%	56.7%	43.9%
Admin salaries	2.7%	3.8%	2.1%	3.0%
Administrative - fringe benefits	0.5%	0.8%	0.5%	0.4%
Other administrative expenses	3.5%	3.9%	3.1%	3.9%
Corporate allocation	4.1%	4.0%	5.2%	2.1%
Total Administrative Expenses	10.9%	12.5%	10.9%	9.4%
Property taxes & license	2.5%	3.2%	2.3%	2.2%
Insurance - P&C	1.7%	2.8%	1.4%	1.2%
Total Other Expenses	4.2%	6.0%	3.7%	3.4%
Total Expense before Deprec.	71.3%	85.9%	71.3%	56.7%
EBITDA	28.7%	14.1%	28.7%	43.3%
Depreciation	9.1%	7.4%	10.0%	8.9%
Lease expense-Bldg. & Equip	6.9%	4.5%	6.1%	11.1%
Extraordinary (gain) loss	0.3%	0.0%	0.7%	0.0%
Financial & interest expense	3.1%	0.8%	3.3%	5.0%
Net Income (Loss) Before Tax	9.3%	1.5%	8.6%	18.3%

Summary Statement of Income - Overall Average and Averages by Quartile

Average All Warehouses	Quartile Averages		
	Low 25%	Middle 50%	Top 25%

\$ PER CUBIC FOOT:

Revenue:

Storage income	\$ 0.55	\$ 0.56	\$ 0.56	\$ 0.53
Handling income	0.38	0.40	0.41	0.30
Freezing income	0.12	0.13	0.14	0.05
Other income	0.24	0.23	0.24	0.26
Total Revenue/Cu.Ft.	\$ 1.30	\$ 1.32	\$ 1.36	\$ 1.15

Plant Expenses:

Plant labor	0.35	0.41	0.37	0.25
Plant tax & fringe	0.10	0.13	0.11	0.06
Plant utilities	0.14	0.17	0.13	0.11
Other plant expenses	0.12	0.16	0.11	0.09
Other operations	0.04	0.03	0.06	-
Total Plant Expenses	\$ 0.75	\$ 0.90	\$ 0.79	\$ 0.51
Admin salaries	0.03	0.05	0.02	0.04
Administrative - fringe benefits	0.01	0.01	0.01	0.01
Other administrative expenses	0.05	0.05	0.04	0.05
Corporate allocation	0.05	0.06	0.06	0.02
Total Administrative Expenses	\$ 0.14	\$ 0.17	\$ 0.13	\$ 0.12
Property taxes & license	0.03	0.04	0.03	0.02
Insurance - P&C	0.02	0.04	0.02	0.01
Total Other Expenses	0.06	0.08	0.05	0.04
Total Expense before Deprec.	\$ 0.94	\$ 1.15	\$ 0.97	\$ 0.67

EBITDA	\$ 0.36	\$ 0.17	\$ 0.39	\$ 0.48
Depreciation	0.11	0.10	0.12	0.09
Lease expense-Bldg. & Equip	0.09	0.05	0.08	0.13
Extraordinary (gain) loss	0.00	-	0.00	-
Financial & interest expense	0.04	0.01	0.04	0.05
Net Income before tax	\$ 0.12	\$ 0.01	\$ 0.14	\$ 0.20

Summary Statement of Income - Overall Average and Averages by Quartile

Average All Warehouses	Quartile Averages		
	Low 25%	Middle 50%	Top 25%

OTHER MEASURES:

Warehouse Size - Cubic Feet	4,214,208	3,121,616	4,179,109	5,376,998
Number of Turns	8.0	6.9	8.4	8.2
Revenue per Case Handled	\$ 0.50	\$ 0.44	\$ 0.52	\$ 0.50
Cost per Case Handled	\$ 0.34	\$ 0.35	\$ 0.37	\$ 0.28
Revenue per Total Employee	\$ 132,338	\$ 131,429	\$ 121,357	\$ 155,209
Revenue per Direct Employee	\$ 220,470	\$ 247,072	\$ 185,728	\$ 268,189
Pounds Shipped per Direct Hour	3,077	2,869	2,650	4,057
Pounds In/Out per Direct Hour	6,160	5,813	5,287	8,114
Cases In & Out per Direct Hour	284	310	248	338
Pounds Shipped per Month	10,489,962	7,313,550	9,053,700	16,628,026
Cases Shipped per Month	504,135	424,839	516,826	544,005
Cases Received per Month	489,962	423,716	500,549	523,295
Pounds per case shipped	29	28	29	28
Number of customers - per whse	56	86	42	53
Customer order per month-per whse	1,816	2,354	1,586	1,716
Number of employees	31	34	29	34
Number of Direct Labor employees	20	20	20	22
D. Labor staff per supervisor	9.4	5.7	10.8	10.0

Participants by Size:

Small companies - < 5 million cu.ft.	27%	45%	14%	36%
Medium - 5 to 15 million cu. ft	32%	36%	36%	18%
Large companies - > 15 million cu.ft.	41%	18%	50%	45%
Totals	100%	100%	100%	100%

OPERATING BENCHMARKS

This portion of the report evaluates the four major functional areas of the distribution center operation of Receiving, Storage, Order Selection and Shipping. Information about each activity is presented with an overview summary of the results from the study, detailed tables and charts reflecting the responses to each question, followed by a section called Success Leaves Clues. Suggestions, based on input from successful managers, will be provided for consideration in improving your operation.

Productivity can be measured by analyzing the individual functional area of the warehouse operation, such as receiving, storage, selection, and shipping. By reviewing the pounds, cases, or units handled by the hours invested in each area, management can develop benchmarks that identify performance standards to effectively measure these activities. Most companies calculate receiving results by using pounds handled per direct receiving hour of labor. Order selection is generally measured by the number of cases received and shipped per hour.

Figure 13

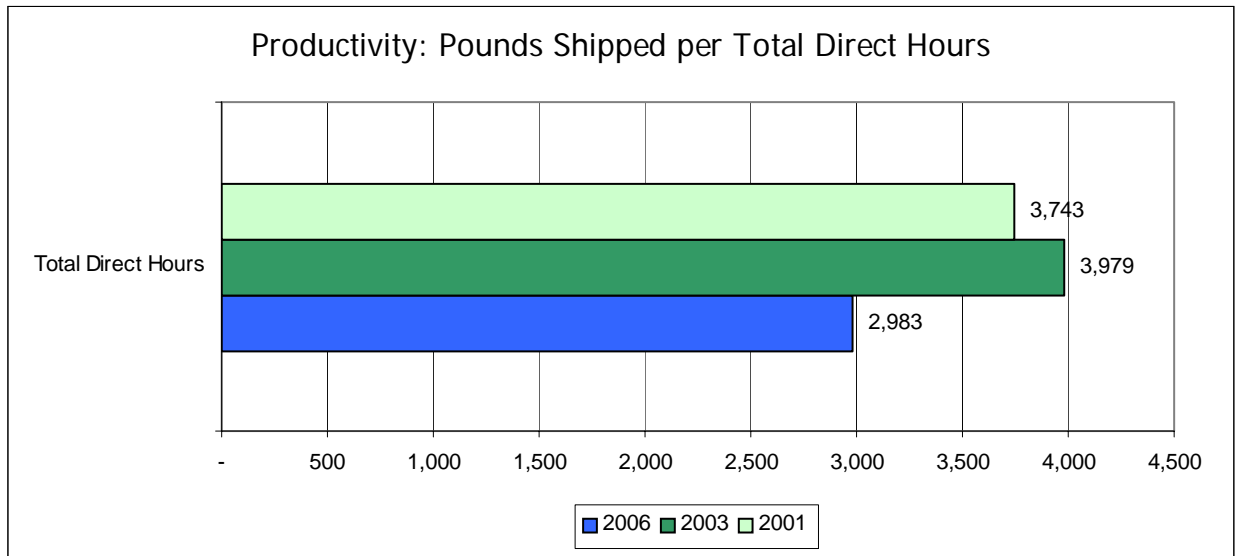


Figure 14



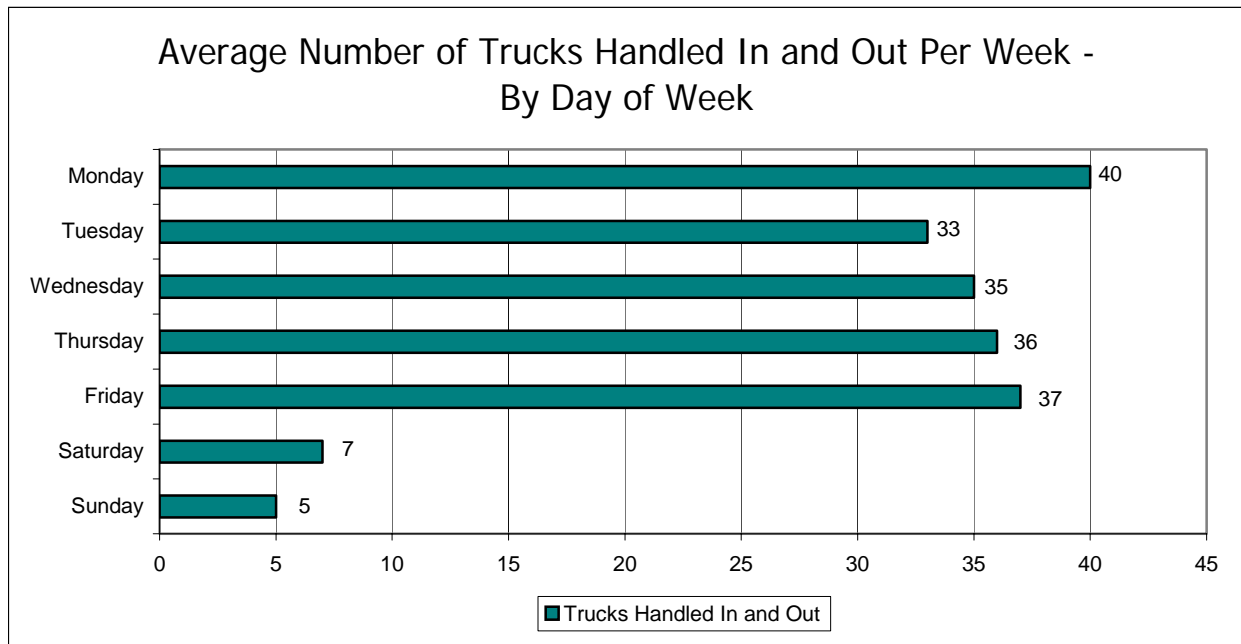
Allocation of Hours by Warehouse Operation

A review of the hours of operations for the various types of warehouse operations indicates significant differences in how hours are utilized. This occurs because of the job activities required to support different warehouse types. Although the warehouse functions are similar, the specific job requirements vary a great deal. For example, an import/export warehouse spends far more time receiving than commodity production operations, but minimal time is invested in the order selection process. This relationship is reversed in a distribution warehouse, which spends a great deal of time in the order selection operation and less time receiving product during the inbound process. The import/export operation also requires additional staff to support the inspection and paperwork documentation process. Over the past five to ten years approximately 54% of warehouses have experienced an increase in touch labor on the dock, while 46% have experienced decreases.

Delivery Schedules

The delivery schedule of orders for products that are delivered to food retailers distribution centers or to retail stores drives the overall performance of the warehouse operation. As shown in **Figure 16**, the average number of shipments per day varies significantly by day of the week, with Monday and Friday being the highest volume days. Tuesday is the lowest volume weekday. Approximately 78% of warehouses handle weekend deliveries, with 24% scheduling backhaul deliveries. Of those warehouses that handle weekend deliveries, only 45% handle more than ten truckloads over the weekend. This is up from 31% in year 2001.

Figure 15



Receiving

The receiving function of the distribution center is a key function in the entire operation. It is here that the entire productivity pattern of the distribution center is determined as the inbound product is checked in and assigned to an appropriate inventory location. Unfortunately, in many warehouses this activity is taken for granted but is often a problem area. A large number of issues surface, such as the use of lumpers, pallet exchanges, late trucks, slip sheet unloading, backhaul shipments, ti x hi configurations, catch weight labels, and temperature checking, to name a few. Receiving payment from manufacturers for handling slipsheet loads has increased from 39% in 1998 to 50% in 2003, to 53% in 2006.

Over the past decade, the receiving function has changed significantly due to a wide variety of developments that include:

- **De-regulation:** The passage of the Motor Carrier Act of 1980, which encouraged private truck fleets to seek backhaul opportunities and to pursue the right to operate as a common and contract carrier, forever changed unloading operations as warehouse managers had to cope with unloading inbound product 24 hours a day.
- **Expansion of fresh and frozen products:** The changing consumer trend toward fresh products has required new levels of management expertise and quality control concerning product integrity.
- **Integrity:** Temperature, taste, and code dating became major factors when product was received. These perishable product categories caused management to receive products on the weekends in order to meet the demand for fresh merchandise in the retail food stores.

- **Controlled inventory systems:** The introduction of technology has significantly changed the receiving function as the use of computer directed put away and radio frequency systems have become accepted methods of operation. Technology currently being introduced tied to electronic data interchange (EDI), such as electronic purchase orders, advanced shipping notices, and satellite communications with carriers, will tremendously impact this functional area of operation.

HIGHLIGHTS OF INBOUND RECEIVING

Scheduling:	Most (86%) use appointment schedules 78% receive product on weekends
Freight:	87% palletized
EDI Use:	92% for shipping orders 84% for advance slip notices 27% for invoices
Docks	Averages 7% of warehouse space Too many products are being re-handled because of ti x hi problems
Pallets:	CHEP pallets are being introduced
Fresh:	40% of docks are temperature controlled 98% check temperatures upon receipt
Lumpers:	Major opportunity in some locations 71% provide lumper service Most provided by independents or third-parties

Figures 16 through 22 present data on the key operational factors affecting the receiving function. From this information, the following observations can be shared:

1. **Volume:** The average cold storage warehouse receives 461,000 full cases delivered on 380 inbound trailers each month. This represents an increase over 2003 when an average of 409,000 cases were delivered on 340 trailers each month. Most (82%) of the product is received in truckload quantities (up from 78% in 2003), with the balance delivered less than truckload (LTL). The majority of merchandise is transported on pallets (87%), with only 6% hand stacked, and 7% percent slip-sheet.
2. **Schedules:** Almost all companies schedule inbound deliveries, with 25% formally scheduling backhaul receipts as well. Approximately 78% of cold storage warehouses receive product on the weekends, which is up slightly from 71% in years 2003 and 2001. The larger high volume distributors have moved to a 24-hour, seven day a week receiving schedule to accommodate the food retailer's demand for product. Approximately 44% of the companies in the year 2001 survey reported two or more shifts with at least 16 receiving hours in a typical day. This increased to 55% in this 2003 survey, and to 73% in this 2006 survey.
3. **Check temperatures:** A large majority of cold storage operators (98%) indicate they are checking product temperatures for all fresh and frozen items upon delivery, usually

through a quality control staff or warehouse supervision. Most of the cold storage warehouse operators report receiving fresh and frozen product on a temperature controlled dock. The most common dock temperature was 36 degrees F.

4. **Information systems:** Technology and ECR is slowly being introduced into the receiving function with 59% of cold storage operators utilizing computer Generated put-away labels on inbound pallets in 2006. This is up from 54% in the 2003 survey, and 47% in the 2001 survey. Approximately 76% now participate in EDI programs to receive product, which is up from 70% 2003. Utilization of transaction sets in EDI programs has increased significantly since year 2001 as follows:

Description	Percentage Utilized		
	2001	2003	2006
Shipping Orders	59%	65%	92%
Advance Shipping Notices	31%	33%	84%
Invoice	10%	23%	27%
EFT	6%	1%	11%

Approximately 45% report using a bar code UCC-128 system for receiving catch-weight items, which is a significant increase over 27% reported in the 2003 survey, and 21% from the 2001 survey.

5. **Operations:** Over the past five to ten years, 54% of companies indicate that their touch labor on the dock has increased approximately 30%. The other 46% of companies indicate that touch labor has decreased an average of 24%. A disturbing result from the study focuses on the problem of ti x hi configurations. Most companies require outside carriers or lumpers to change the inbound pallet size or product layers to conform to local wholesaler requirements. In 1998 approximately 10% of the cold storage operators report that more than 40 percent of the products received must be fingerprinted: that is, someone must touch the cases to change the pallet configuration. In 2003 approximately 23% of the companies indicated that they fingerprint more than 30% of the inbound products. This 2006 indicates some improvement with approximately 15% of companies fingerprinting more than 30% of the inbound product. Re-handling of product negatively affects the entire distribution center productivity pattern. Forcing the carrier to change the pallet configurations causes several major problems and creates bottlenecks on the dock. Every time someone fingerprints the case, costs per case goes up. It takes longer to receive the product and it ties up valuable dock space. It also creates significantly more pallets to put away, which means more labels to apply, more pallets to let down, and more chances to lose product in the building. More pallets in the warehouse mean more lost cubic space, because more wood is required to support the product. This system encourages the use of lumpers on the docks who work for the driver, but who become the liability of the warehouse should they be injured. Lumpers may also be security risks to the operation.

6. **Scheduling:** Most warehouses (86%) report the scheduling of the inbound deliveries by the warehouse staff. The inbound movement of product from the production facility to the cold storage warehouse is usually controlled by the manufacturer/shipper. Several industry studies have clearly demonstrated that the movement of product inbound to the distribution center should be managed by experienced traffic personnel who know how to negotiate freight rates, and who monitor the performance of this function.

Figure 16

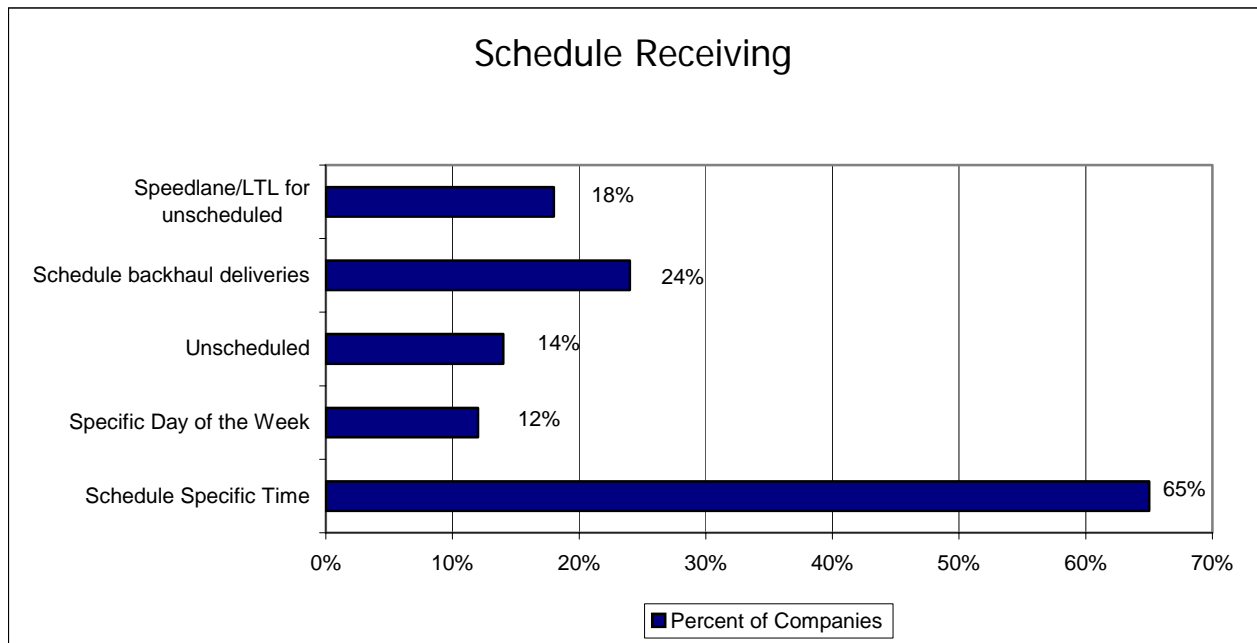


Figure 17

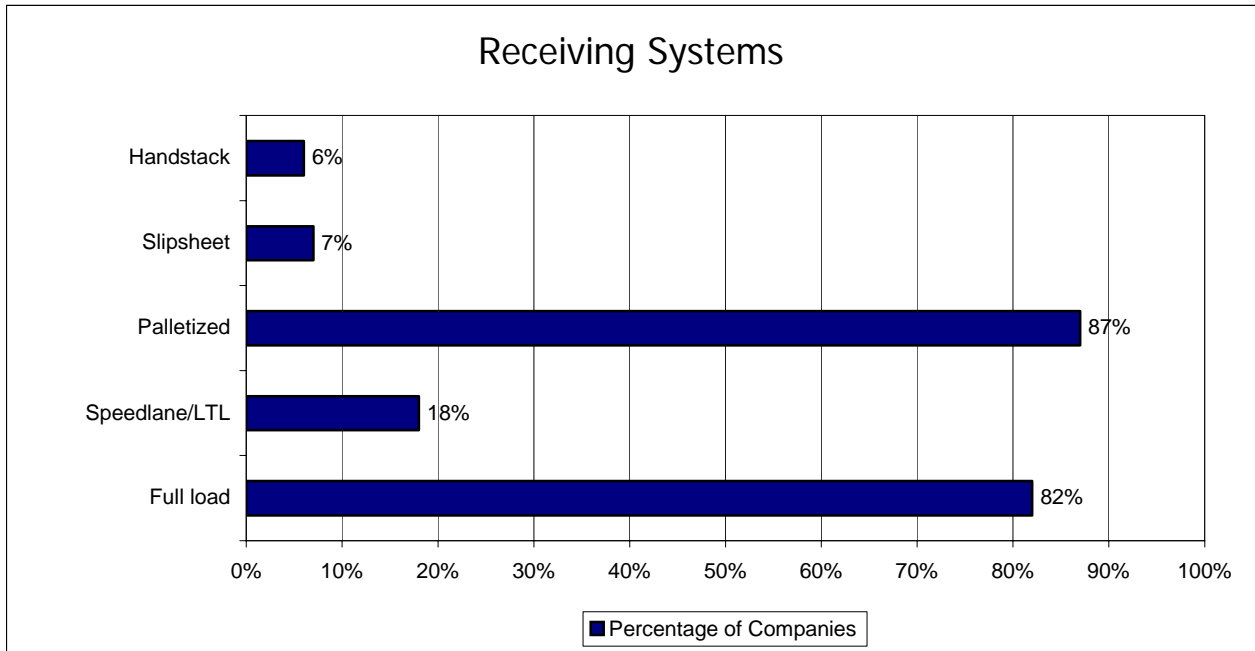


Figure 18

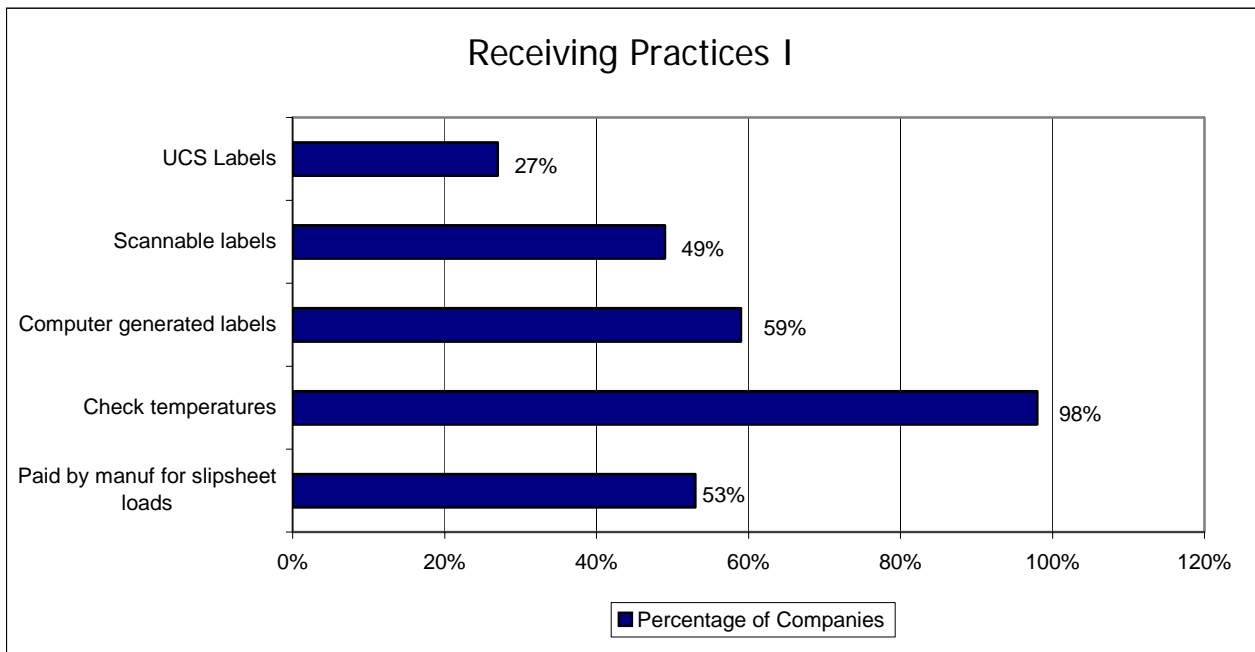


Figure 19

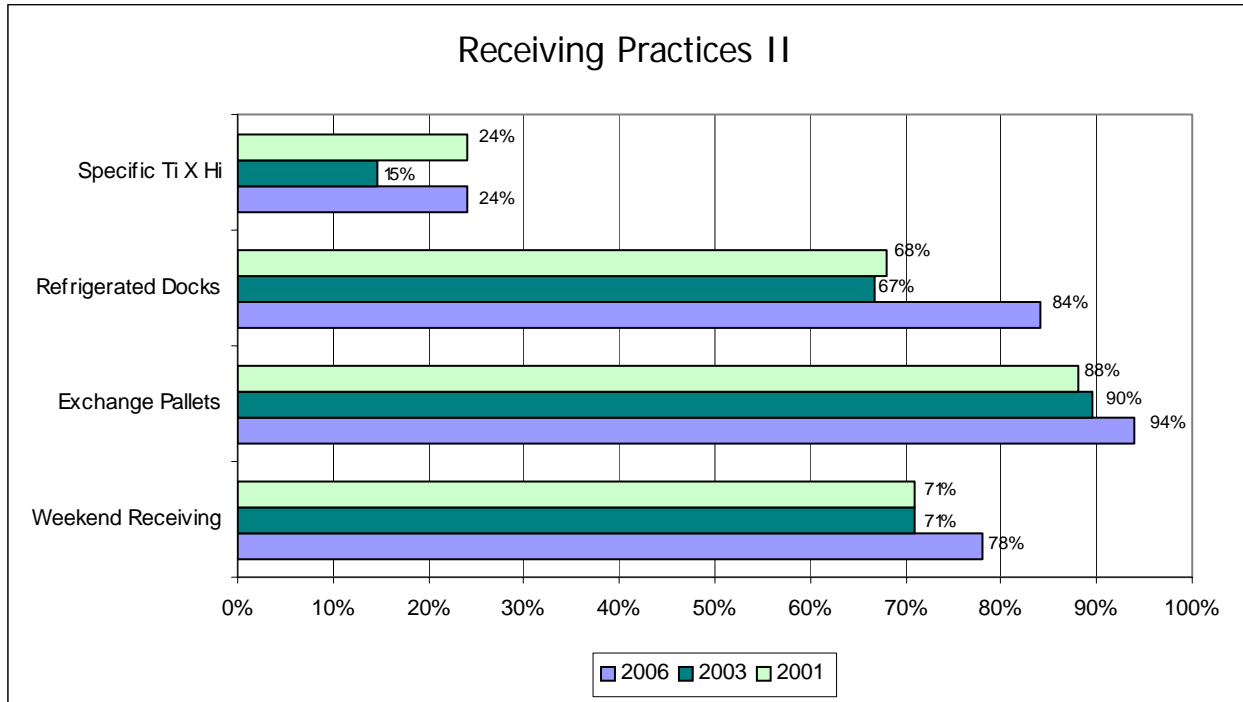


Figure 20

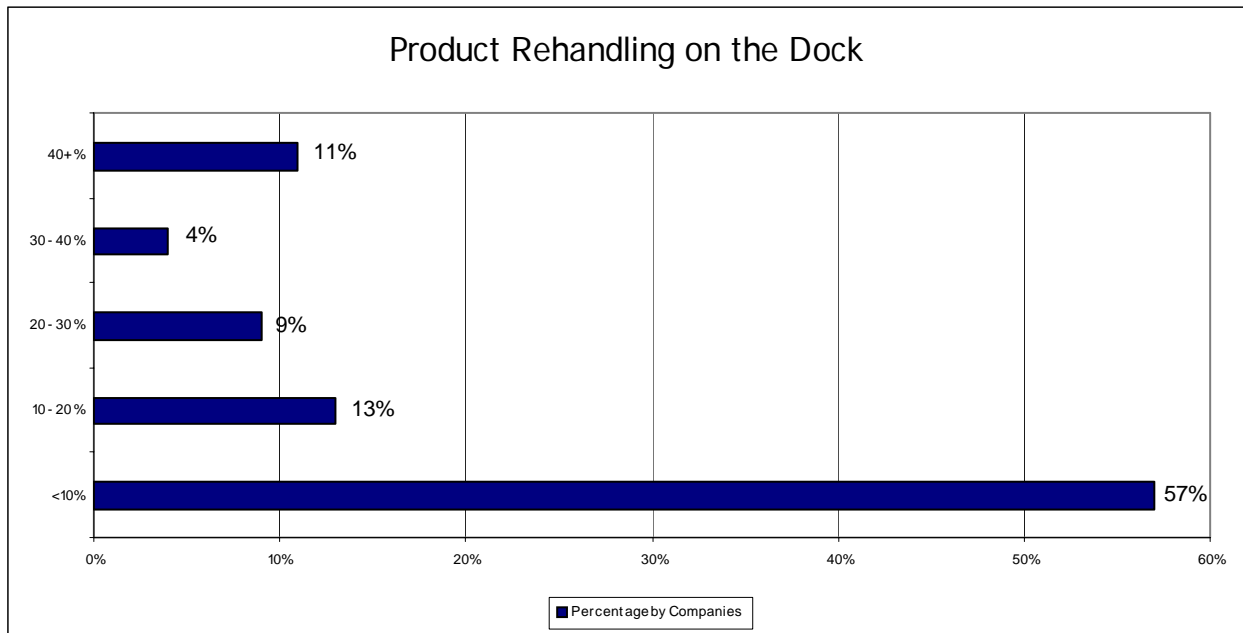


Figure 21

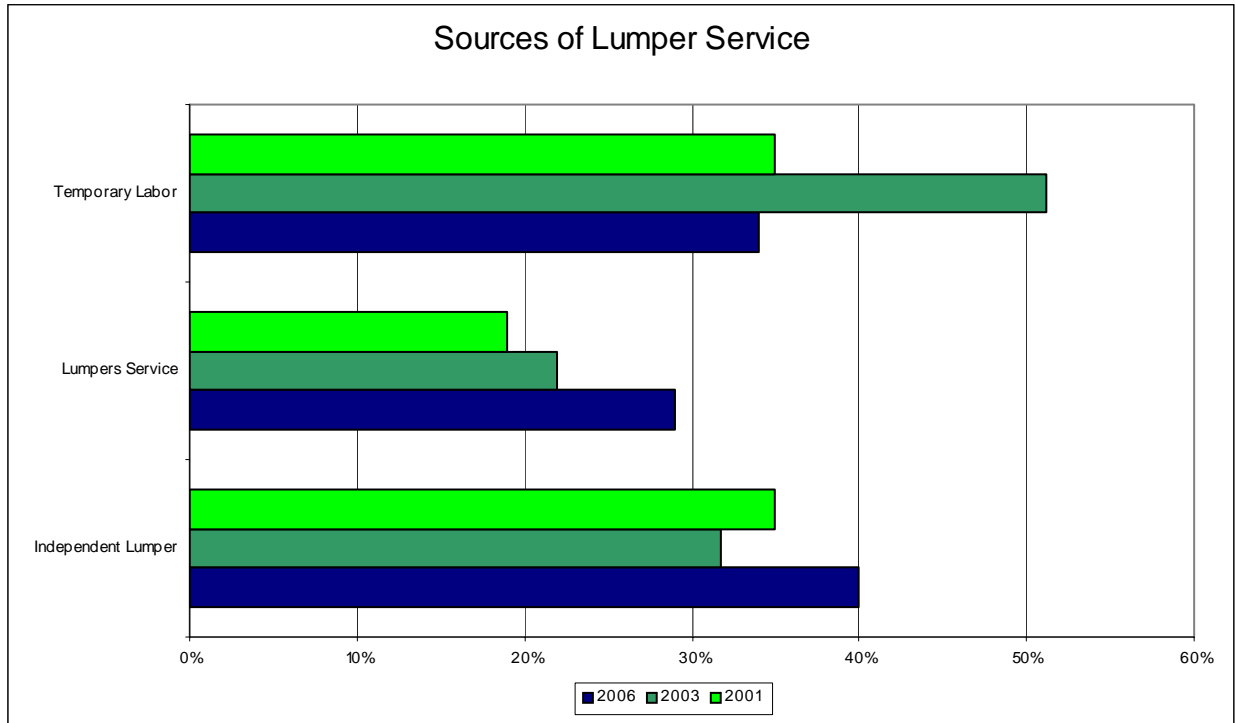
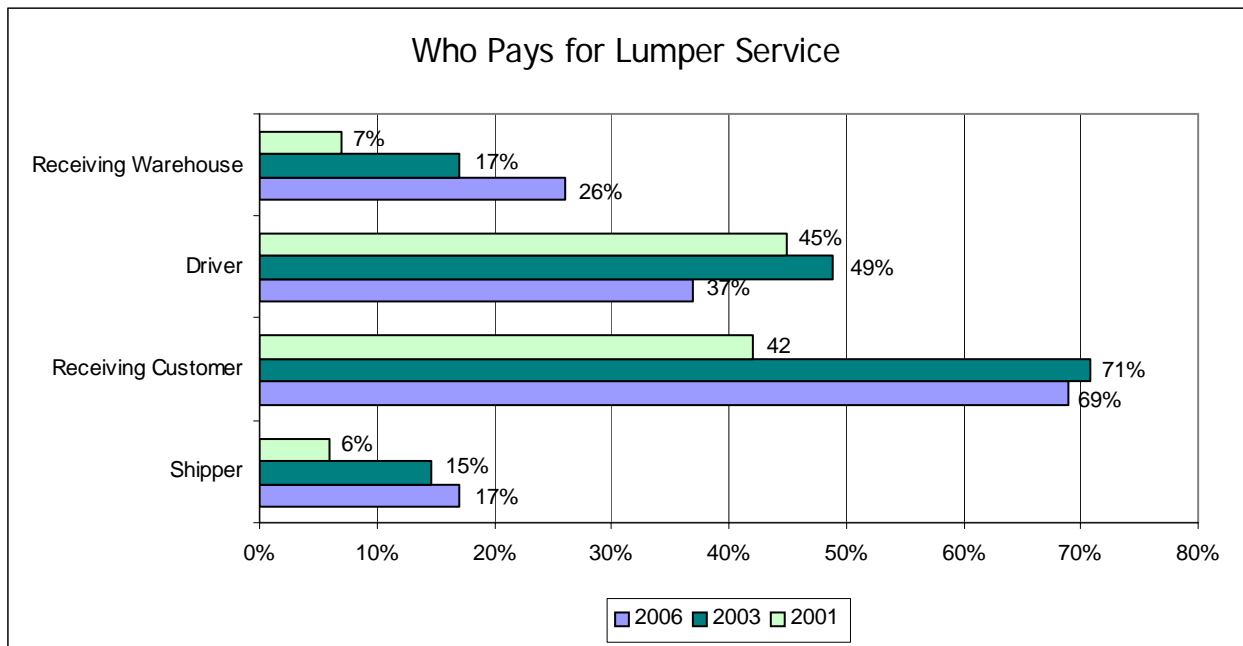


Figure 22



**Receiving Operations - Comparative Results
Years 2006, 2003 and 2001**

	<u>2006</u>	<u>2003</u>	<u>2001</u>
	<u>Percent Yes</u>		
RECEIVING:			
1.) Use a receiving appointment schedule?	86%	79%	86%
If yes, by: a.) Specific times	65%	60%	77%
b.) Day of week	12%	15%	11%
2.) Schedule backhaul deliveries?	24%	25%	17%
3.) Unload slipsheet shipments with your equipment and labor?	63%	85%	71%
4.) Receive payment from manuf. for handling slipsheet loads?	53%	50%	44%
5.) Receive product on the weekends?	78%	71%	71%
6.) Exchange pallets with manufacturers or carriers?	94%	90%	88%
7.) Receive catch weight items via bar code UCC-128?	45%	27%	21%
8.) Check temperatures for perishables upon receipt?	98%	96%	94%
9.) Apply computer generated putaway labels on inbound pallets?	59%	54%	47%
10.) Apply scannable barcode labels on inbound pallets?	49%	38%	26%
11.) Utilize UCS pallet labels from manufacturers?	27%	10%	18%
12.) Require shippers to ship product in specified pallet config.?	24%	15%	24%
13.) Offer a speed lane/LTL for unscheduled deliveries <250 cases?	18%	33%	24%
14.) Are your docks temperature controlled? (y/n)	84%	67%	68%
If yes, temperature for: Perishables	40 F	39 F	N/A
Frozen	31 F	39 F	N/A
15.) % of inbound products "fingerprinted" at the time of receipt due to Ti x Hi differences, pallet configuration, etc?			
a.) 10%	57%	44%	46%
b.) 11-20%	13%	21%	16%
c.) 21-30%	9%	12%	13%
d.) 31-40%	4%	14%	13%
e.) 41% or >	11%	9%	9%
16.) Is one of your services a lumper service?	71%	85%	67%
If yes, by: a.) Independent lumper	40%	32%	35%
b.) Third party lumper	29%	22%	19%
c.) Temporary labor	34%	51%	35%
Who pays? a.) Shipper	37%	15%	6%
b.) Customer	69%	71%	50%
c.) Driver	37%	49%	60%
d.) Receiving warehouse	26%	17%	8%
17.) Over past 5-10 yrs, has your touch labor on-dock inc.or dec.?			
a.) Increase	54%	58%	N/A
b.) Decrease	46%	42%	N/A
c.) % increase in last 5-10 years?	30%	28%	N/A
d.) % decrease in last 5-10 years?	24%	32%	N/A

	<u>2006</u>	<u>2003</u> Percent Yes	<u>2001</u>
18.) Do you participate in EDI programs?	76%	69%	69%
If yes, transaction sets utilized:			
a.) Shipping order	92%	65%	59%
b.) Advance slip notice	84%	33%	31%
c.) Invoice	27%	23%	10%
d.) EFT	11%	1%	1%
19.) Number of inbound deliveries per typical week:			
<u>Truck:</u>			
Full load	153	86	74
Speedlane/LTL	33	24	17
Totals	<u>186</u>	<u>110</u>	<u>91</u>
Palletized	87%	76%	78%
Slipsheet	7%	7%	8%
Handstack	6%	17%	14%
Totals	<u>100%</u>	<u>100%</u>	<u>%</u>
<u>Rail:</u>			
Full load	6	2	2
Speedlane/LTL	-	-	-
Totals	<u>6</u>	<u>2</u>	<u>2</u>

SUCCESS LEAVES CLUES: INBOUND RECEIVING

- **Utilize No-touch receiving procedures.** At the time of receipt, implement a no-touch program, such that all products coming into the distribution center go from truck to door to slot without changing the pallet configuration. This is accomplished by changing the rack heights to match the heights of the incoming pallets of merchandise. The net effect of the action will be less congestion on the dock, less pallets to put away, and less pallets to let down, which will result in significantly higher productivity for all parts of the system: truck driver, receiver, and aisle forklift operator.
- **Establish optimum buying quantities.** Work with the customers to determine the optimum buying quantities to eliminate the extra cases that don't fit the ti x hi configuration, and to reduce less than full layer pallets.
- **Control information about new products.** Have inventory control staff measure and weigh all new products to ensure the proper item information is available on the item file. For example, cube dimensions, weight, UPC code, and item description should be correct in order to bill out the merchandise correctly.
- **Implement an Action Plan.** Plan and review the daily/weekly receiving schedule, so that the receiving and put-away teams know which products are arriving and when.

- **Design receiving docks for cross docking.** Expand the receiving dock space to at least 70 or 80 feet so all inbound loads can be accommodated easily.
- **More small quantities to pick slot.** Any inbound product received in quantities of 15 cases or less should be placed directly into the pick slot (does not apply to high cube merchandise). These products can be accumulated on the dock by storing them on a cart/pallet that can be moved to the appropriate slots at the completion of the shift.

Storage and Replenishment

The storage and replenishment function organizes the distribution center operation by placing the product in the right place at the right time to support the outbound activities. Traditionally, the forklift operators and inventory control clerks who worked this area kept all the information about the products in their heads. Much of the productivity, good or bad, was tied to their ability to remember where all the pallets of merchandise were stored. In small facilities with limited inventory, the task could be accomplished. However, in today's complex, high volume operations, it is virtually impossible to know where the entire product is at any particular time.

1970's In the 1970's, distribution executives from the Benner Tea Company began to use the computer to support inventory movements by having the software assign product to slots during the receiving process. A computer-printed label was applied to the pallet of merchandise, which then directed the forklift operator where to place the merchandise. To support the order selection process, store orders were batched into selection waves and the software would then identify which products would need letdowns for the next several hours.

1980's In the mid-80s, the SUPERVALU distribution team decided that computer directed put-away was not flexible enough to meet their operating requirements. Therefore, they pursued the concept of dynamic communication with the computer via a radio frequency-based keyboard. With the help of Telxon, an on-board inventory system attached to the forklift, was introduced. This latest innovation added several new dimensions as the computer could direct put-away if necessary and the forklift operator could tell the system where the product was being stored. The program also offered an inquire mode to provide information about where all the products were stored. With this system, management was given immediate feedback on forklift operator productivity as all pallet movements were recorded dynamically.

1990's The 90s saw the introduction of barcode scanning of pallets to the storage and replenishment function. Forklift operators can now scan the pallet license plate to record any type of movement of the product. These systems have also been designed to increase productivity by dynamically assigning work so the equipment operator is moving with loaded pallets of product as frequently as possible. For example, a forklift operator may be assigned to move inbound pallets from the receiving dock to aisle 80. Upon completion of the put-away move, the system instructs the forklift operator to move full pallets of outbound product from aisle 80 to door 26.

Several cold storage warehouse operators have attempted to automate the storage and replenishment functions through the installation of high rise automated storage and retrieval system (AR/RS) equipment. These systems have achieved moderate success due to the operating disciplines required to support the distribution requirements. The advanced technology takes away flexibility in the inventory control process, which limits the ability of the distribution center to respond to customer needs in quick response situations.

Figures 23 to 27 provide information about current storage and replenishment activities. Key points include the following:

1. **Aisle Forklifts:** Most cold storage warehouses use aisle forklift operators to move product from the dock to the aisle for put-away. In very large facilities, the preferred method is to use both forklifts and pallet jacks for moving product off of the dock. Only a few of the operators use automated guided vehicles.
2. **Technology:** In the receiving operation, many of the companies pre-assign reserve positions. When moving product throughout the distribution center, many utilize radio frequency (RF) technology to control inventory movements. RF technology is used by 51% of year 2006 survey participants. This is an increase from 28% in year 2001. More companies (45% in 2006, up from 21% in 2001) are reporting the use of bar codes with UCS 128 coding to support and manage product and pallet inventories. This label is usually generated at the distribution center. More warehouses (27% in 2006, up from 18% in 2001) are utilizing UCS pallet labels applied by the manufacturer.
3. **Assigned Forklifts:** Many of the distribution centers assign specific forklift operators for put-away activities (33%) during the receiving operation, with approximately 29% of the companies in this report assigning forklifts to specific aisles during the letdown process.
4. **Random Storage:** The preferred storage system is to assign product randomly in specific areas of the warehouse (53% in year 2006), with approximately 38% utilizing computer directed systems.

Figure 23

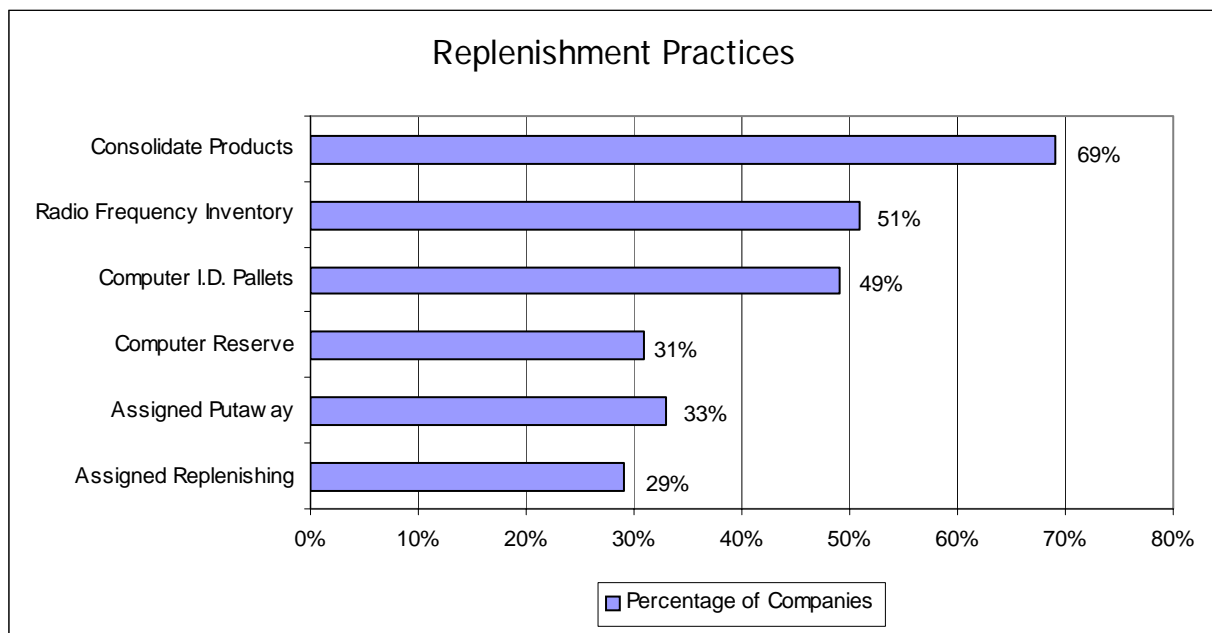


Figure 24

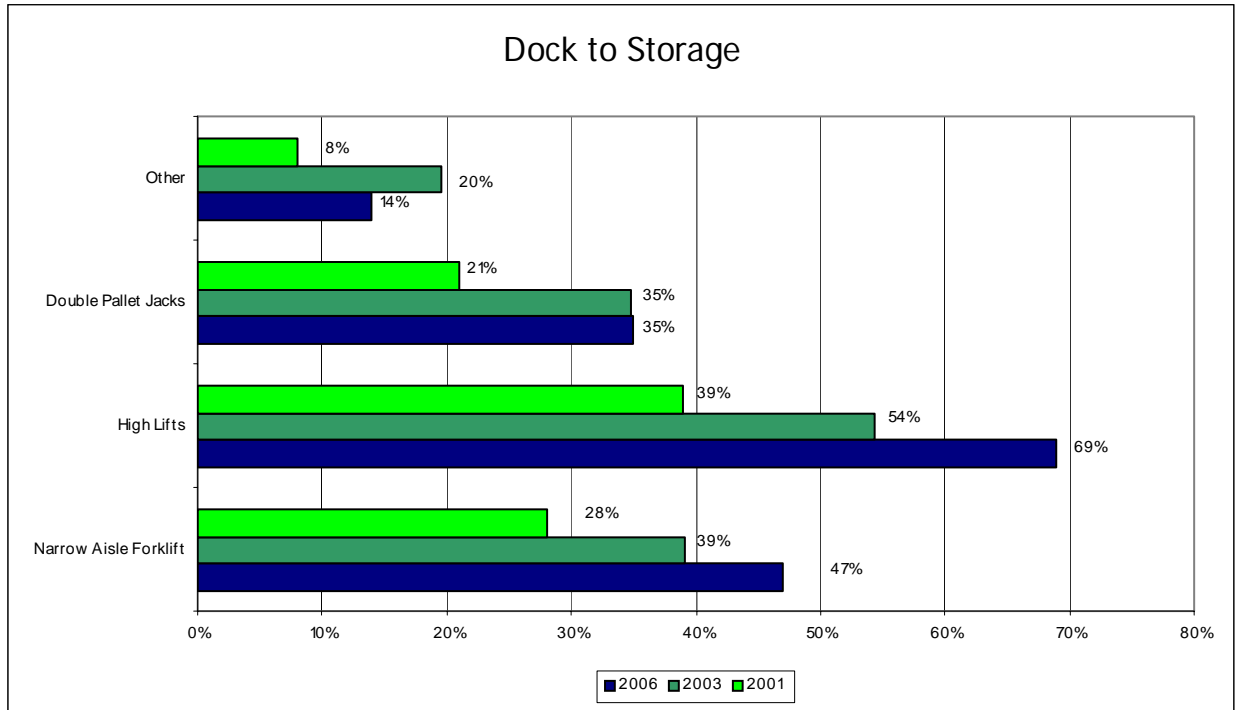


Figure 25

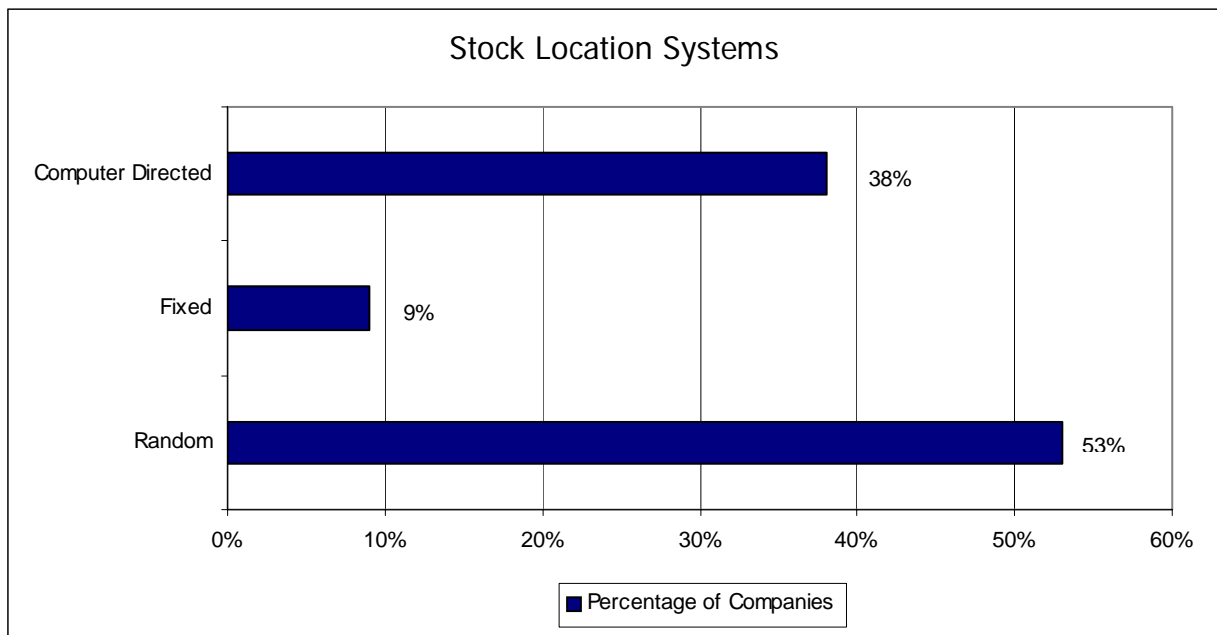


Figure 26

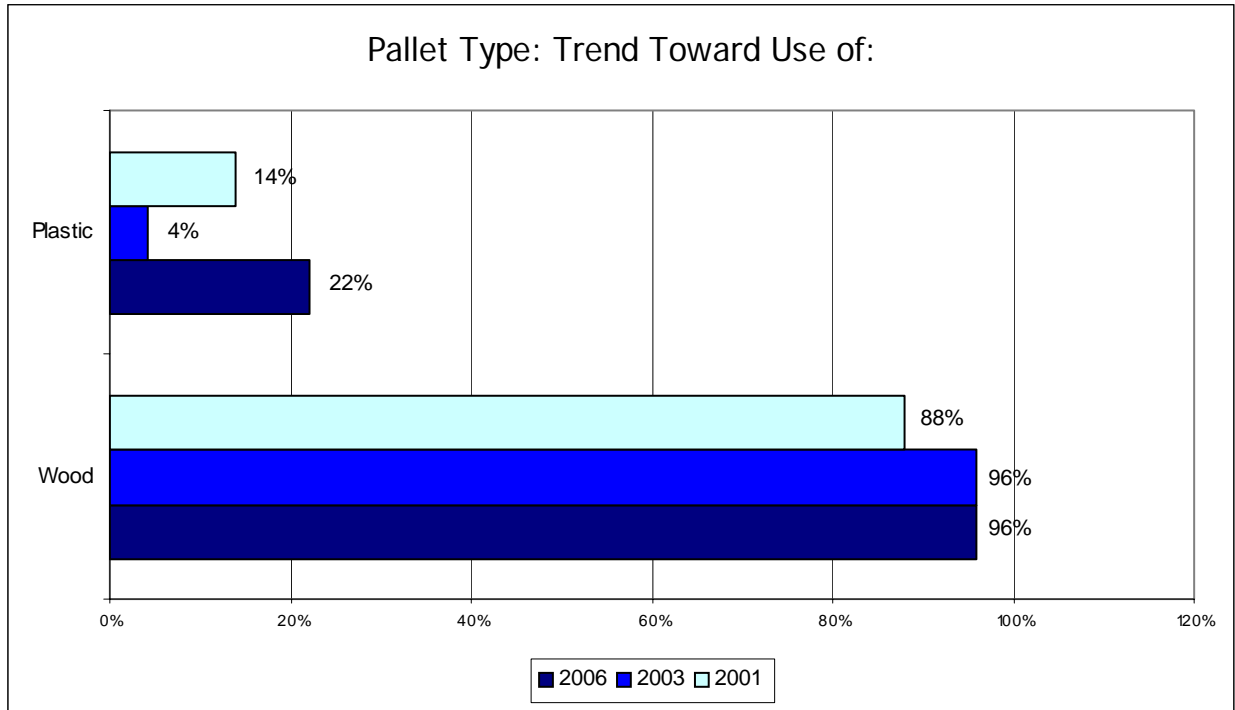
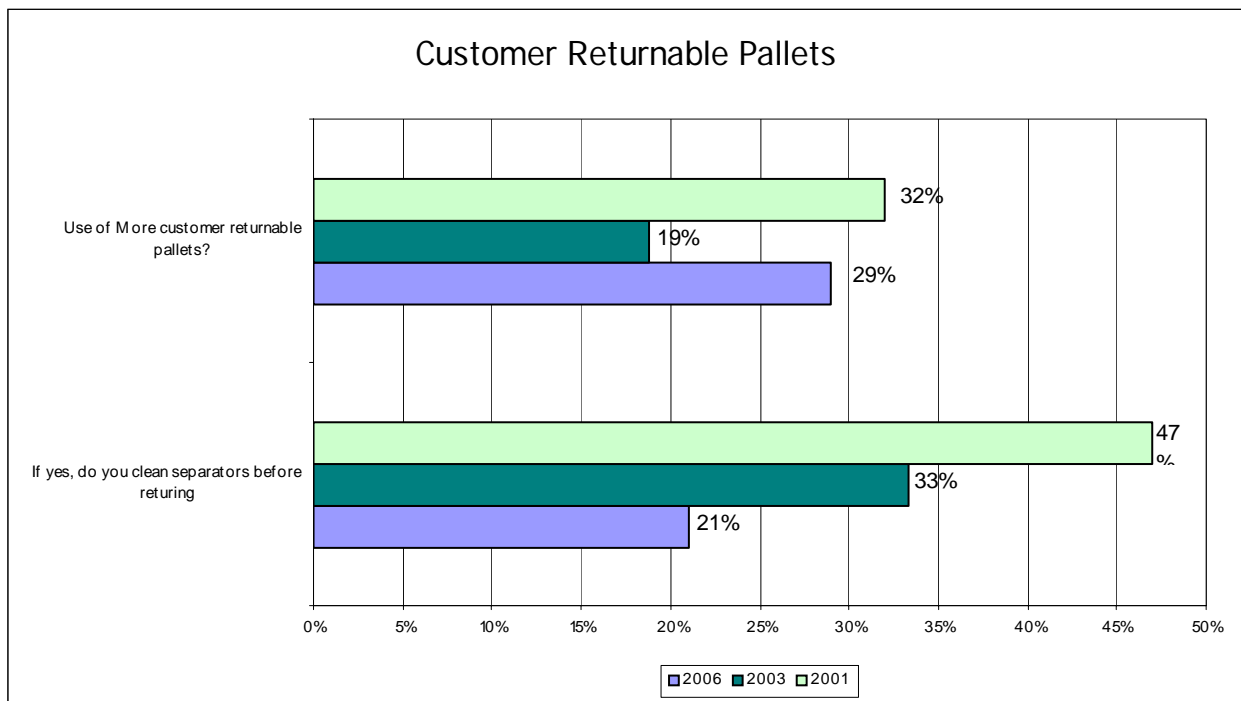


Figure 27



**Storage & Replenishment Operations - Comparative Results
Years 2006, 2003 and 2001**

STORAGE & REPLENISHMENT	<u>2006</u>	<u>2003</u>	<u>2001</u>
	Percent Yes		
1.) Use a computer to preassign reserve pallet positions in the main D.C.?	31%	13%	19%
2.) Assign forklift operators to specific aisles for putaway?	33%	17%	26%
3.) Assign forklift operators to specific aisles for replenishing letdowns?	29%	23%	31%
4.) Use a computer to identify pallet letdowns for order selection?	49%	58%	54%
5.) Use radio frequency technology to control inventory movement?	51%	25%	28%
6.) Consolidate product to clear inventory slots?	69%	75%	76%
7.) Do you hold Product longer or shorter versus 5 years ago?			
a.) Longer	8%	2%	N/A
b.) Shorter	69%	67%	N/A
c.) Same	22%	30%	N/A
8.) Identify the stock location system used to control inventory location:			
a.) Random	53%	60%	55%
b.) Fixed	9%	11%	7%
c.) Computer directed	38%	32%	38%
9.) What systems do you use to move product from dock to storage?			
a.) Narrow aisle forklifts	47%	39%	28%
b.) High lifts	69%	54%	39%
c.) Double pallet jacks	35%	35%	21%
d.) Automated guided vehicles	2%	4%	0%
e.) Combination	8%	26%	33%
f.) Other...(<i>"single pallet jacks", "sit-down forklift"</i>)	14%	20%	8%
10.) In your use of pallets, have you experienced a trend toward using:			
Wood	96%	96%	88%
Plastic	22%	4%	14%
Metal	2%	-	-
Other	6%	-	3%
11.) Are you using more customer returnable pallets?	29%	19%	32%
If yes, are you cleaning separators before returning?	21%	33%	47%

SUCCESS LEAVES CLUES: STORAGE AND REPLENISHMENT

- **Control all pallet movements.** Today's operating environment requires the cold storage distribution center manager to know where every pallet in the inventory is located; therefore, all pallet positions should be numbered with an appropriate address, including outside storage locations. The use of the dock as temporary storage and use of floor storage should be kept to a minimum. The implementation of radio frequency-based inventory control systems should greatly enhance forklift productivity. Movement between the main distribution center and outside storage facilities should also be fully controlled and monitored.

- **Organize layout on customer service requirements.** The distribution center layout should focus on implementing the ABC inventory analysis where separate systems are introduced to effectively handle the fast, medium and slow moving products.
- **Measure cubic capacity.** The cubic capacity of the facility needs to be measured to determine how space is being utilized and managed. When the cubic capacity of the inventory in the facility exceeds 85 percent, productivity goes down, as there are not enough open slots to receive new inventory properly.
- **Introduce performance standards.** Forklift performance standards should be introduced, as well as warehouse employee/associates should know the productivity expectations of management.
- **Use mega pick slots.** In high volume facilities the use of “mega” pick slots (3, 4, 5 facings per product for the fastest moving items) can often increase productivity. During the letdown moves, multiple pallets of merchandise can be placed into the pick slot at one time. Pallets for fast movers should also be six to eight feet high so full capacity of the slot can be obtained. Ask the vendor to palletize to your objectives where possible. For example, soup cans can be stored 10 block, 10 layers high rather than the normal 10 block, 6 layers high.
- **Consider narrow aisles.** Narrow aisle operations should be considered in order to achieve better cube utilization of the building. To accommodate the increasing number of new items, which requires pick facings, narrow aisles are the best alternative. Wide aisles may be needed to accommodate the high volume products in order to reduce worker congestion.
- **Make inventory management a priority.** Inventory control should be assigned to the best supervisors because they will make decisions that affect the flow and pace of the entire operation. These individuals must have a thorough understanding of information systems as well as the day-to-day operations in the warehouse.

Order Selection

Historically, the order selection process has received the most attention from distribution center management because it is the largest cost area of the operation and the function most easily quantified for production accountability. It is also the lifeblood of the facility because success or failure in this operation directly affects the retail food customer who needs to receive the product ordered on time.

1970's In the 1970's, some food distributors pursued automated or mechanized order selection systems in order to reduce costs of operation, which were rising quickly at the time. The strategy of investing in capital to replace the human factor seemed like a good idea at the time. However, many of these operations were less than successful because mechanization took away the flexibility desperately needed in the business to support the retail food store operator who needed a responsive system to cover for unexpected changes in the business.

1980's In the 1980's, management began to introduce and implement engineered labor standard systems that focused on measuring the productivity of the order selectors and quantifying a performance expectation on a per-order basis. Consideration for numerous factors, such as weight per case, pick location, and distance traveled, contributed to calculating the required time to pick an order. Information about the individual's performance was then communicated via computer screen or weekly reports posted in the office. During this period, many companies began to offer incentives to the order selectors for picking high volume of cases.

1990's The 1990's ushered in a movement away from mechanization toward the application of information systems. New systems currently being tested include wrist-mounted computers with scanners that make the order selection process paperless. The orders are loaded into the order selector's computer via a radio frequency (RF) technology. A screen is provided to display the pick list and other important messages that may develop during the process of selecting the order. The order selector scans the selected product or rack label when the item is picked and receives immediate verification from the computer. This system eliminates mistakes and provides dynamic information to management about the order selection process.

Several companies are testing a voice controlled order selection system where the selectors are given verbal commands during the picking process. They respond by talking via headsets to acknowledge each time the correct number of pieces are selected. The 1990s also saw the successful application of new types of mechanized order selection systems, such as carousels, pick carts and A frames. All of these systems are used primarily for small case/item pick products such as tobacco, candy, HABC, general merchandise and pharmaceuticals.

HIGHLIGHTS FOR ORDER SELECTION

Order Selection Systems:	Many different pick patterns with single or double pallet jacks and forklifts. Zone pick, where appropriate
Technology:	Engineered labor standards with computer sign-in/sign-out screens
Mechanization:	Conventional order selection only
Cube:	Different for each product area 56% currently cube customer orders
Loading:	Few require selector loading due to combination and multiple stop loads
Auditing:	Almost all (93%) orders are checked prior to loading

Figures 28 through 32 indicate key trends and developments in the vital area of the operation. The following summarizes the results:

1. **Computer Assignments:** Approximately 37% of warehouses control the order selection process through computer assigned systems in year 2006 which also require the pickers to sign on to an order via a keyboard entry or card swipe system. This has increased from 26% in year 2001. Upon completion, the order selector signs off the order. From this system, management can monitor performance of the entire shift as well as the individual selector. The picker also receives feedback on his/her productivity immediately following the end of the order.
2. **Historical Standards:** Most companies (80%) are utilizing historical selection labor standards to encourage productivity. Almost all of the orders are audited prior to loading into the trailer, with most auditing over 75% of the order.
3. **Mechanization:** Only 4% of companies report the use of mechanized or automated order selection equipment, as most are emphasizing conventional methods of operation.
4. **Selection Systems:** Many different order selection systems are employed to select the customers' orders.
5. **Selector Load:** Some companies (22%) require the order selectors to load the selected pallets of merchandise onto the trailer as part of their workload. This system is very effective when shipping a single product category on a one-stop delivery.
6. **Selection Hours:** Many companies (47%) take less time to select product now than it took five years ago.

Figure 28

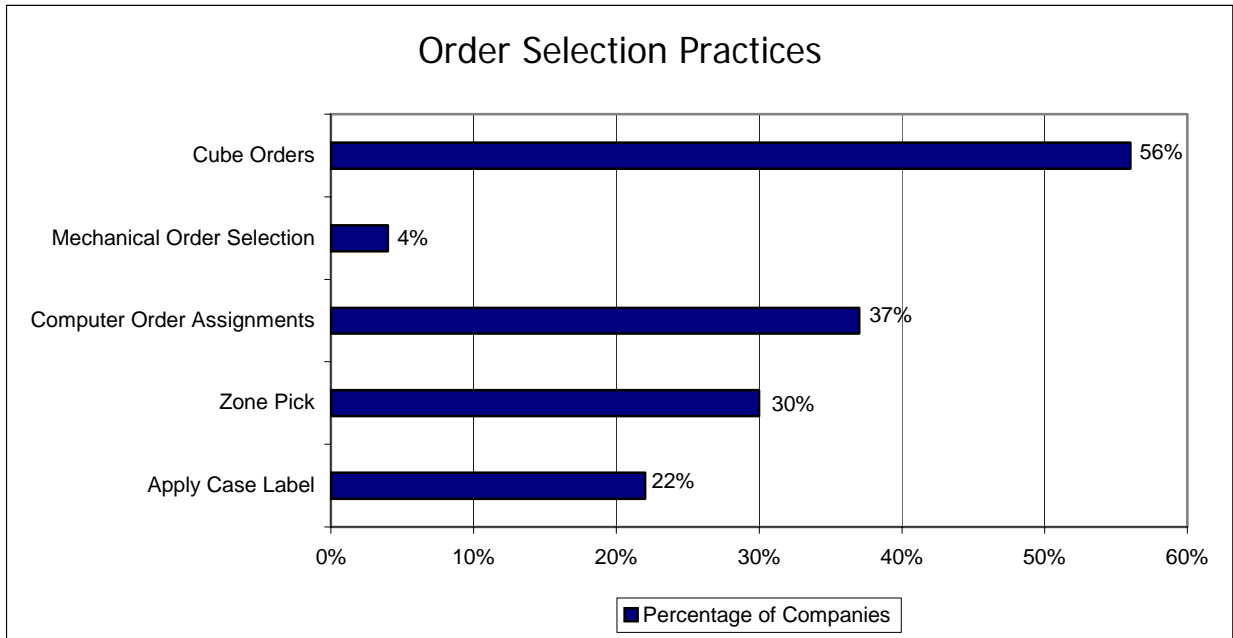


Figure 29

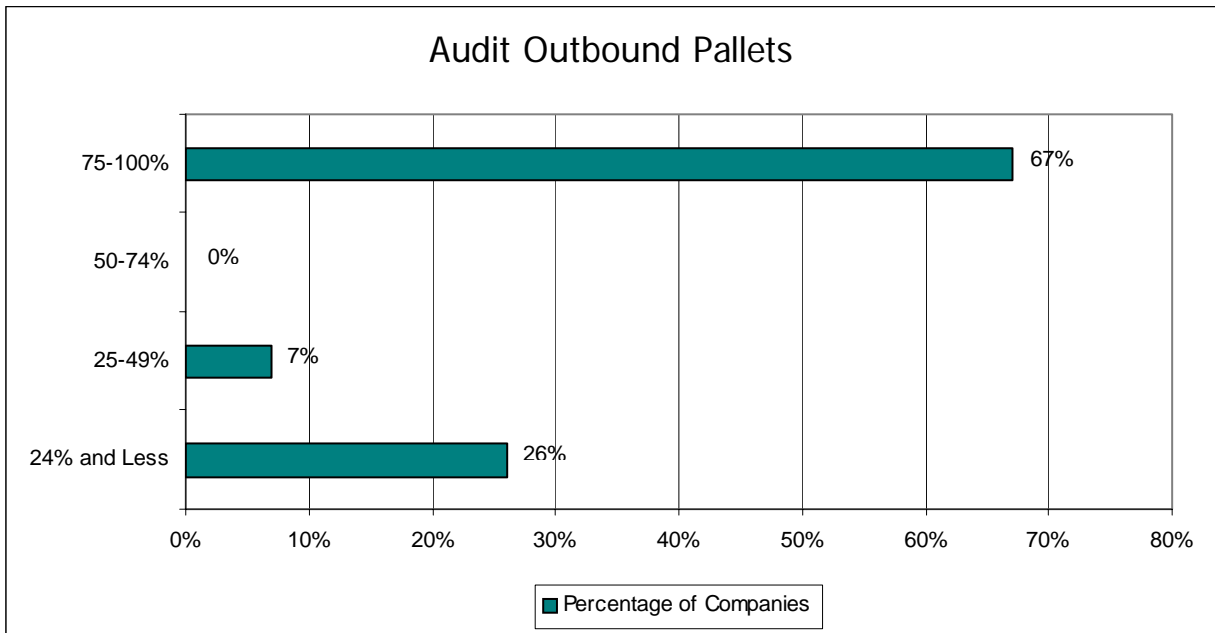


Figure 30

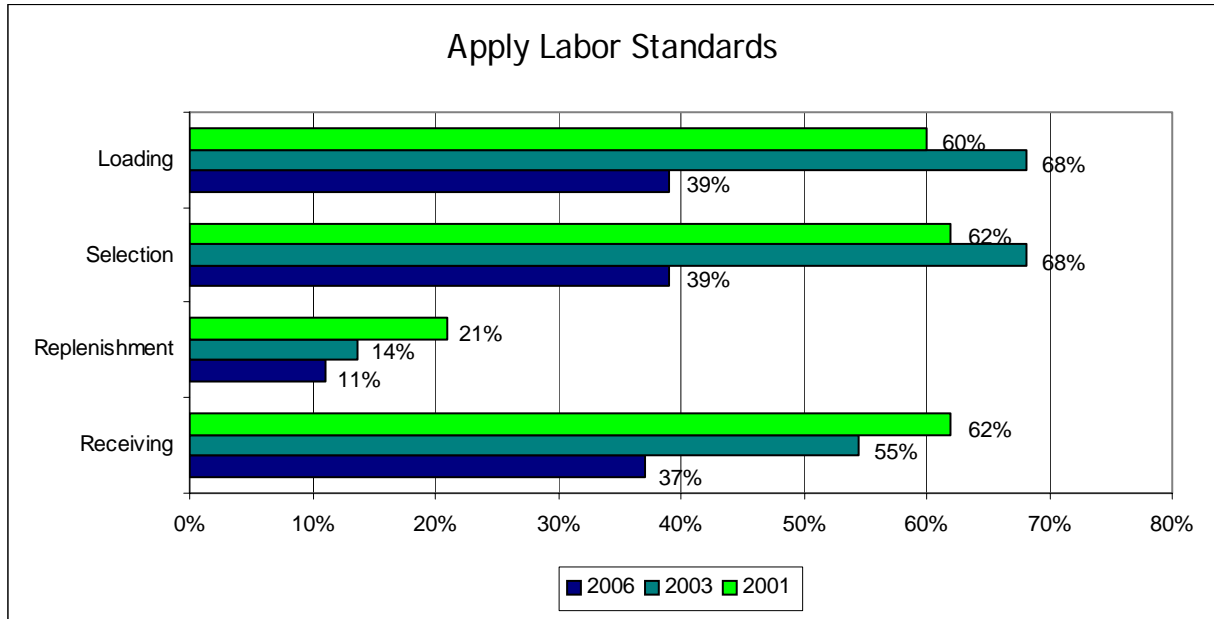


Figure 31

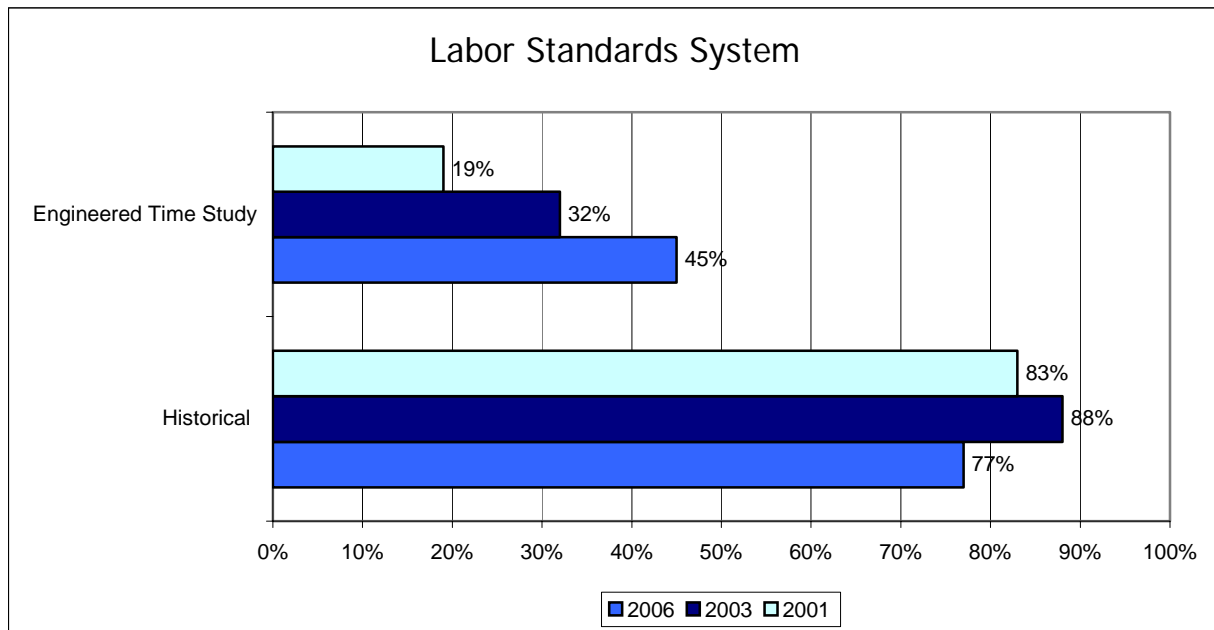
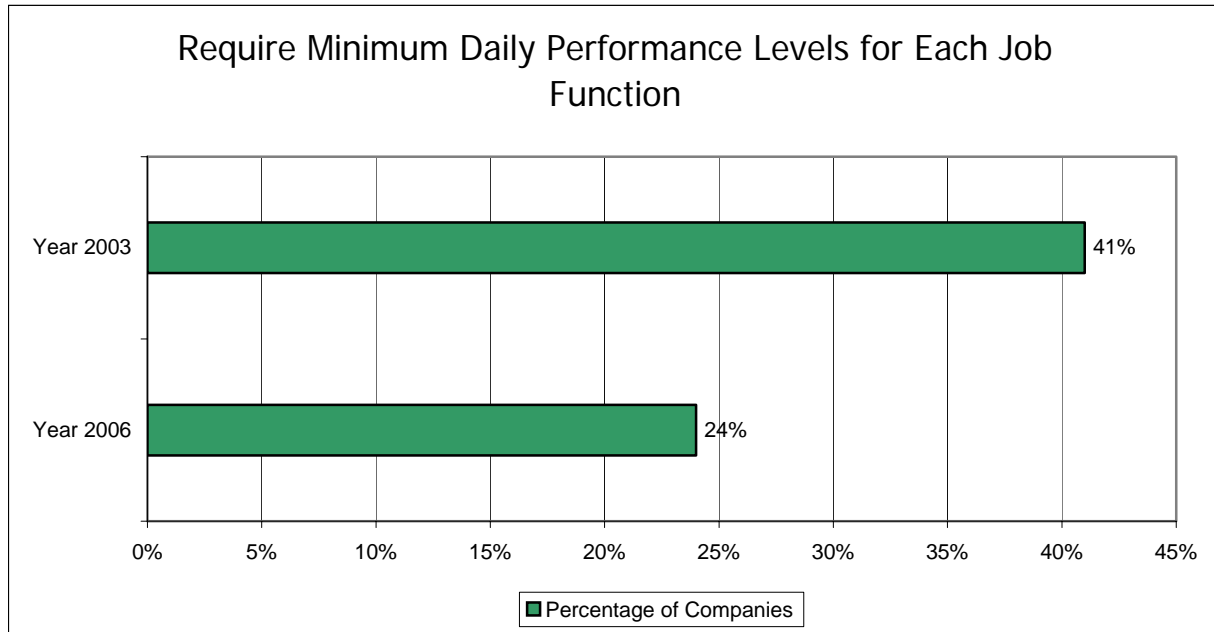


Figure 32



**Order & Selection - Comparative Results
Years 2006, 2003 and 2001**

ORDER & SELECTION

	<u>2006</u>	<u>2003</u>	<u>2001</u>
	<u>Percent Yes</u>		
1.) Apply cased labels during selection for full case items?	22%	13%	9%
2.) Apply price labels during selection for split case items?	2%	-	1%
3.) Pick orders by geographic/vendor product zones?	30%	15%	26%
4.) Control order assignments and production accounting via computer?	37%	19%	26%
5.) Do you use a computer card-swipe system to track selection hours?	11%	4%	N/A
6.) Does it take more or less time to select product now versus 5 years ago?			
a.) Longer	35%	29%	N/A
b.) Shorter	47%	44%	N/A
c.) Same	19%	27%	N/A
7.) Use mechanized order selection systems,	4%	2%	1%
8.) Check orders on the dock prior to loading?	93%	98%	100%
If yes, % audited is:			
a.) 75-100%	67%	80%	79%
b.) 50-74%	0%	2%	9%
c.) 25-49%	7%	4%	3%
d.) 1-24%	26%	13%	9%
9.) Have order selector move selected product directly into trailer?	22%	13%	19%
10.) Cube the customer orders?	56%	38%	43%

ORDER & SELECTION

	<u>2006</u>	<u>2003</u>	<u>2001</u>
	<u>Percent Yes</u>		
11.) Use labor standards to control productivity?	48%	47%	60%
If yes, indicate which functions are managed:			
a.) Receiving	37%	55%	62%
b.) Replenishment	11%	14%	21%
c.) Selection	39%	68%	62%
d.) Shipping/loading	39%	68%	60%
e.) Other	0%	0%	24%
What kind of system has been implemented?			
a.) Historical data	77%	88%	83%
b.) Engineered time study	45%	32%	19%
c.) Other:	20%	20%	5%

SUCCESS LEAVES CLUES: ORDER SELECTION

- Distribution center layout: The key to achieving high productivity in the order selection process is the warehouse layout. Although there are many different philosophies on how to reach this goal, the current trend is to segment the inventory on ABC principles and to implement the most effective materials handling system for each inventory segment. In most warehouses the following analysis will occur:

Class	Items	Sales	System
A	20 percent	80 percent	Forklifts or Double pallet jacks Wide aisles
B	20 percent	10 percent	Forklifts or Double pallet jacks Narrow aisles
C	60 percent	10 percent	PIR, pick-to-belt or Conventional selection Batch mode Narrow aisles

Within each customer assigned class, the items should be arranged based on product type, cube, and case height. For example, all the fast moving 16-ounce products, all the fast moving 32-ounce products, etc.

- **Reduce congestion.** In high volume distribution centers where aisle congestion is a problem, it may be effective to create dedicated pick aisles for the fastest moving products. These aisles should be wider than normal (at least 16 feet), with replenishment being completed from behind each slot so the forklift operator does not interfere with the order selection operation. Focus on eliminating all possible delays for achieving efficient production by ensuring the aisles are clear and passable at all times, the picking slots are filled in a timely manner so the number of shorts is low, and that all equipment is in proper operating order.

- **Organize effectively.** Label the rack with correct product descriptions: item name, pack and size, UPC, or a picture of the product. Make sure aisles and docks have many easy to read signs. Review selection routes to see how the order picker is really traveling the warehouse, and make changes accordingly.
- **Pay for performance.** Order selectors perform more effectively when they have incentive for which to shoot. Financial payments or time-off are great tools to motivate associates to produce high selection rates. Build into these incentives quality control measures which encourage productivity without mistakes and damage to the product.
- **Implement batch-picking procedures.** Seek to reduce the distance traveled per store order by batch picking product whenever possible. Higher productivity is achieved by having the order selector pick as many cases as possible on each pass through the distribution center.
- **Audit the store orders.** Quality control is important. Pallets selected by the order pickers should be checked for accuracy to prevent the wrong products being shipped to the distributors or retailers, and to reduce credits and returns. Pallets that have been audited should receive a quality control label that informs the retailers that no mistakes should be found.

Shipping and Loading

Loading trailers and trucks is accomplished in several ways. Historically, product was hand-stacked onto the floor of the vehicle, with the goal of utilizing the entire cube of the vehicle. At the retail food store or distribution center, cases of product were hand-carried into the back room or placed onto the dock.

Hand-stack: Some firms still hand-stack loads traveling long distances or where trailers are drop-shipped to retail food stores to serve as their back room. However, the emphasis on loading today is speed—get the product onto the vehicle, and to the customer as soon as and as quickly as possible, especially when servicing high volume self-distributing food warehouses which receive many loads per night every day of the week. These accounts work with short lead times and equipment turnaround is a major priority. With this focus, most companies ship on pallets, with a small group of food manufacturers using slip-sheets.

Combination Loads: Loading straight loads frozen products is not complicated process. Given these minimal requirements, many companies will utilize the order selector to place the pallets directly onto the trailer. However, with the addition of ice cream and other temperature-controlled products into the warehouse operation, new operating procedures have been introduced to protect product integrity. Shipping similar product groups with like temperature zones is a little more difficult than shipping frozen food, but can be easily accomplished with bulkheads and additional refrigeration equipment.

Loading combination loads that handle all products requiring multiple temperature zones is complicated and often difficult without temperature compromise and shipping errors. For example, the proper shipping temperature in degrees (Fahrenheit) for some of the products:

Grocery	Ambient	Wet Produce	32
Box Meat	34	Chili Pack Chicken	28
Dry Produce	55	Dairy	36
Frozen	0	Ice Cream	-15
Frozen Bakery	-5	Deli	34

Given this challenge, most distributors use a loading crew to make sure the products are loaded correctly into the vehicle. With today's new specialized trailers, the loading process is definitely more complex, as some trailers can be configured to handle six different product temperature zones.

HIGHLIGHTS FOR SHIPPING OPERATIONS

Loading:	Some assign specific doors to loaders Load sheets and pallet diagrams identify each customer order and placement in trailers
Routing:	Most loads are multi-stop, single product deliveries
Protection:	Shrink-wrap and load bars protect product en route
Integrity:	Maintain temperature with single or multi-temperature trailers

Cube:	Top load, hand-stack and pin wheel pallets whenever necessary to cube trailers
Auditing:	Proactive programs, as almost all pallets are checked prior to loading.
Quality:	Damage, shorts, miss-picks and scratches per functional area vary significantly

Figures 33 through 37 present the summary data for the questions on the loading operation. The following material offers some background explanation for these developments:

1. **Pallet Wrap:** Most companies stabilize over 95 percent of the pallets shipped prior to departure, with shrink-wrap the preferred material to protect the product en route.
2. **Top Load Pallets:** To take full advantage of the cubic capacity of trailers, 55% companies top-load pallets, 78% will hand-stack product on the floor (up from 63% in 1998), while 96% pinwheel pallets on the 48-inch facing.
3. **Multi-temperature:** The preferred method for handling more than one temperature product zone is to utilize the multi-temp, ceiling mounted evaporators. Some of the companies still use dry ice on top of the pallets, which is then wrapped in plastic or covered with a blanket.
4. **Pallet Jacks:** To load the pallets onto the trailers, most of the companies use pallet jacks rather than forklift equipment to prevent damage to the trailer floor.
5. **Multi-stop:** The large majority of shipments are completed as multi-stop, single product deliveries.
6. **Quality Control:** Quality measurements seem to be effective, as most companies do have a proactive system to minimize damage, shorts, misspicks and scratches.
7. **Pinwheel:** Load a 48 inch face next to a 40 inch face, used by most (96%) warehouses.

Figure 33

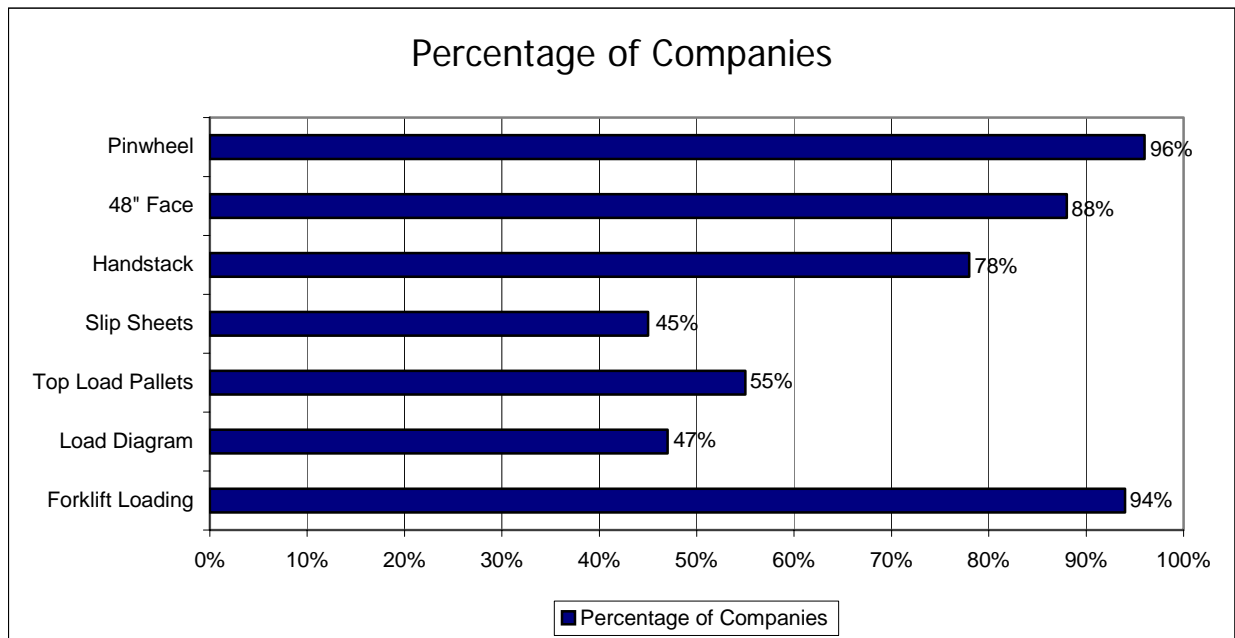


Figure 34

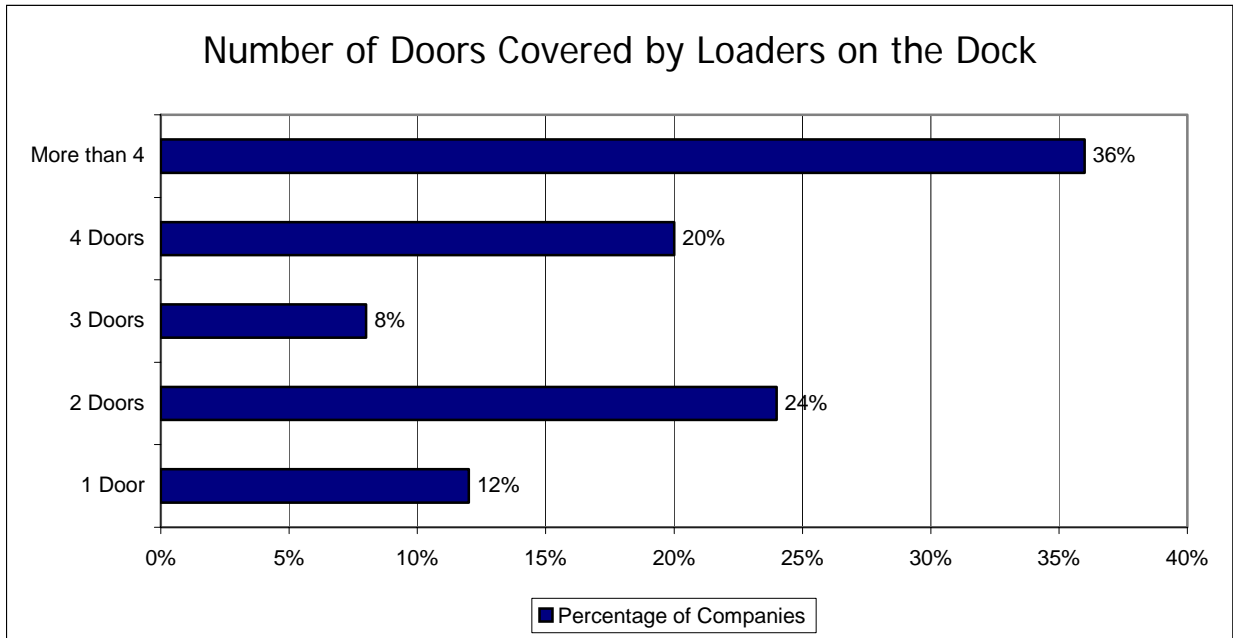


Figure 35

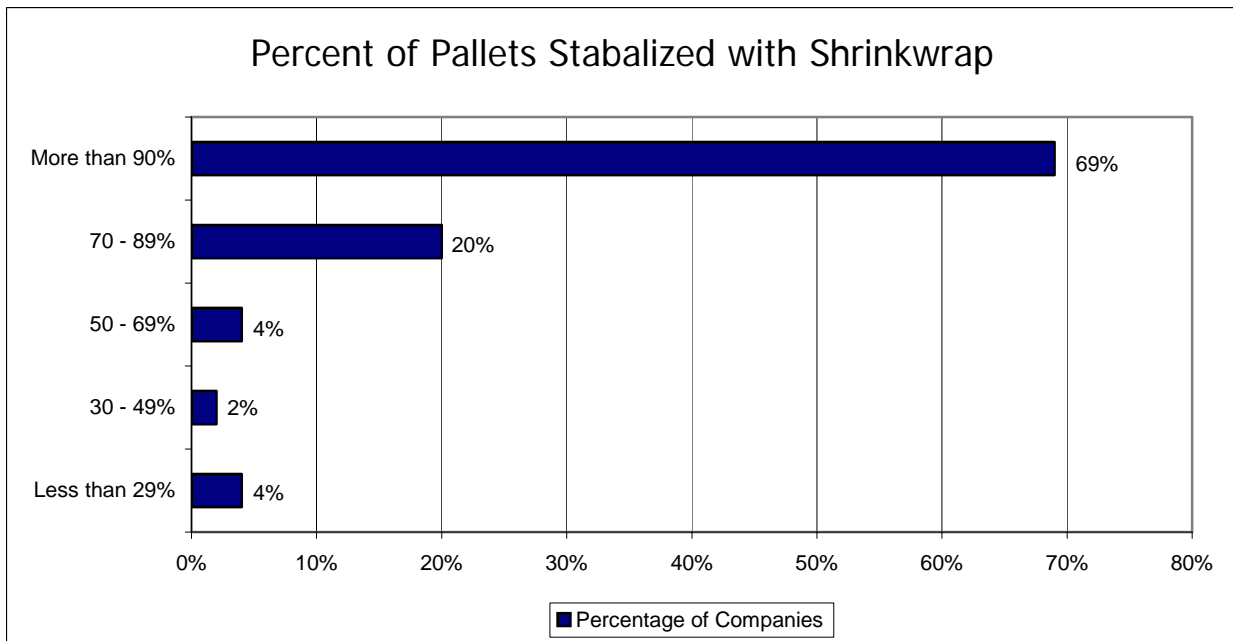


Figure 36

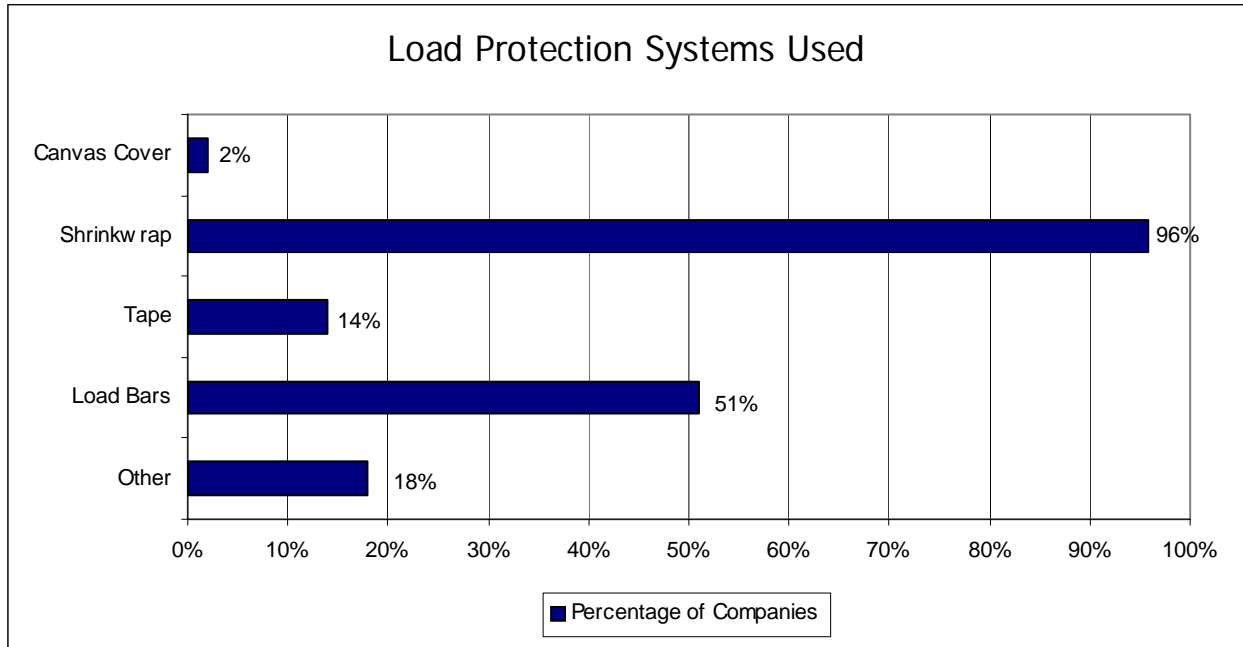
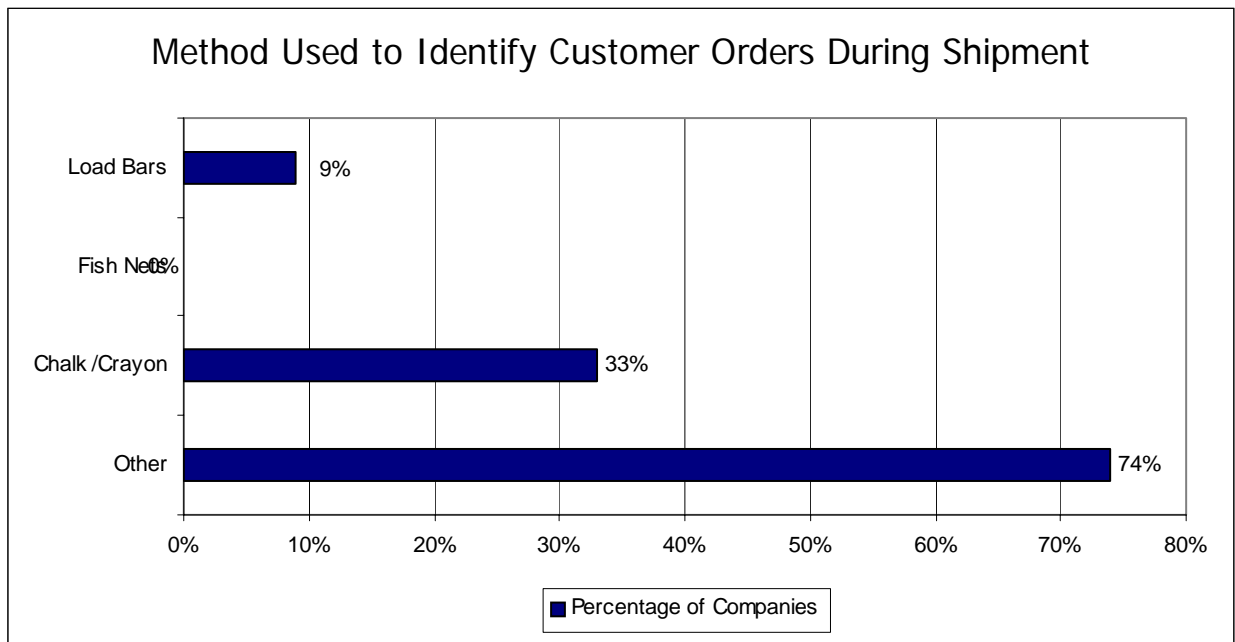


Figure 37



**Shipping Practices - Comparative Results
Years 2006, 2003 and 2001**

SHIPPING	<u>2006</u>	<u>2003</u>	<u>2001</u>
		<u>Percent Yes</u>	
1.) Do you use forklifts when loading the trailer?	94%	90%	92%
2.) Do you use a pallet load diagram to id. pallet placement?	47%	51%	57%
3.) Do you top load pallets in the trailer?	55%	69%	51%
4.) Do you ship any product on slip sheets?	45%	55%	44%
5.) Do you ship product handstacked on the floor?	78%	75%	65%
6.) Do you turn pallets on 48" facing when loading?	88%	85%	83%
7.) Do you pinwheel pallets when loading? (48" face next to 40" face)	96%	90%	92%
8.) Do you use loaders on the dock?	51%	47%	51%
If yes, how many dock doors do they cover?			
a.) 1	12%	5%	6%
b.) 2	24%	15%	14%
c.) 3	8%	50%	19%
d.) 4	20%	15%	22%
e.) Other...	36%	15%	28%
9.) Stabilize outbound pallets with the following systems?			
a.) Canvas cover	2%	-	-
b.) Tape	14%	25%	18%
c.) Shrinkwrap	96%	96%	96%
d.) Rubber bands	0%	-	-
e.) Load bars	51%	33%	50%
f.) Other:	18%	6%	6%
10.) Percentage of pallets are stabilized with shrinkwrap.			
a.) 90%+	69%	75%	76%
b.) 70-89%	20%	10%	17%
c.) 50-69%	4%	13%	7%
d.) 30-49%	2%	2%	-
e.) 29% or less	4%	-	-
11.) PERCENTAGE OF OUTBOUND PALLETS ARE AUDITED PRIOR TO DEPARTURE.			
a.) 75-100%	69%	77%	79%
b.) 50-74%	0%	2%	7%
c.) 25-49%	6%	4%	7%
d.) Less than 25%	24%	17%	7%

SHIPPING

	<u>2006</u>	<u>2003</u>	<u>2001</u>
	<u>Percent Yes</u>		
12.) System used to identify different customer orders on same delivery vehicle.			
a.) Number the cases with chalk/crayon	33%	30%	31%
b.) Fish nets	0%	2%	3%
c.) Load bars	9%	18%	6%
d.) Other...("lots # on bill", "pallet ID", "carb. copy", "separate")	74%	68%	68%
13. Do you perform compensatory activities in the distribution center?	94%	94%	93%
If yes, check all that apply:			
Build displays for vendors	17%	16%	12%
Store buy inventory for retailers	7%	2%	6%
Perform USDA inspections	74%	64%	56%
Price mark products	4%	9%	9%
Certified frozen center	15%	9%	15%
Certify pork	33%	24%	20%
Blast freezing	72%	64%	53%
Catch weights	91%	80%	80%
Loading/unloading	96%	89%	89%
Wrap product for bulk packs	30%	29%	33%
Date stamp product	39%	62%	53%
Re-label products	74%	80%	70%
Product re-packing	39%	47%	36%
Boxing hams	4%	4%	6%
Spreading bellies	9%	9%	5%
Case stamping	80%	78%	70%
Measure quality	7%	16%	8%
Other:	9%	18%	11%

HIGHLIGHTS OF HUMAN RESOURCES

Management Structure:	Traditional supervisor/employee relationship
Average Wage:	\$11.32 – Receivers, \$11.70 – Forklift operators
Labor Force:	Primarily Non Union (80% of Employees)
Support Staff:	25% of positions are indirect: clerical, maintenance, supervisory. Average total staff is 40, of which 30 are direct labor
Associate Turnover:	Major problem for many operations Other employees are key source for new hires
Incentives:	Implemented by 58% of companies Multiple job classifications
Management Training:	86% use WFLO Institute, 51% use in-house

The key to success of any cold storage warehouse operation lies within the management team and its ability to motivate the associates to perform at their highest level of productivity without making mistakes. An efficient warehouse is organized, clean, and offers a positive working atmosphere. Reaching the goal is easier said than done, often restricted by labor contract language, executive decisions not to invest in the operation, or poorly trained supervisors who can not execute the logistics strategy plan.

The major findings of the human resources area are highlighted as follows:

1. **Organization.** There is 1 supervisor/manager for every 9 warehouse employees. Their job is to oversee the performance of the workforce and to ensure that the day-to-day warehouse activities are executed correctly.
2. **Non Union.** Most cold storage warehouses operate as non-union facilities. Only the larger and urban distribution centers are unionized. There is a significant difference in wages and benefits between union operations and non-union operations.
3. **Direct Hours.** The ratio of the direct labor force (those people who touch the cases) to the total labor force is 75%. Approximately 10% of direct labor hours are provided by contract labor. Indirect labor includes the non-touch functions, such as clerical, supervisory, sanitation, maintenance, and management.
4. **Wages.** The average wage for a cold storage warehouseman is \$11.32, with a benefits package of 30%. The highest paid job classification is forklift operator.
5. **Turnover.** Many of the companies report that they are experiencing turnover problems with their workforce, with 33% of warehouses exceeding a 20% turnover rate in their warehouse staff. Turnover of office staff is much better with 8% of companies having an annual turnover rate of office staff of more than 20%. The primary sources for new employees is through word of mouth recruitment by the existing workforce, or newspaper classified advertising. Almost all companies reported difficulty in finding qualified warehouse personnel.
6. **Incentives.** Most (58%) companies provide performance incentives for the workforce. Most of these firms offer incentives to most of the job classifications including clerical and maintenance staff employees. When incentives are provided, most of the companies provide monetary benefits on an annual basis. These types of programs are usually tied into the overall performance of the company.
7. **Training.** Management training is completed on a sporadic basis, with a preference for programs provided by the WFLO. Most warehouse supervisors are educated with on-job-training and some in-house programs. Minimal funds are being allocated to this important function.

Figure 38

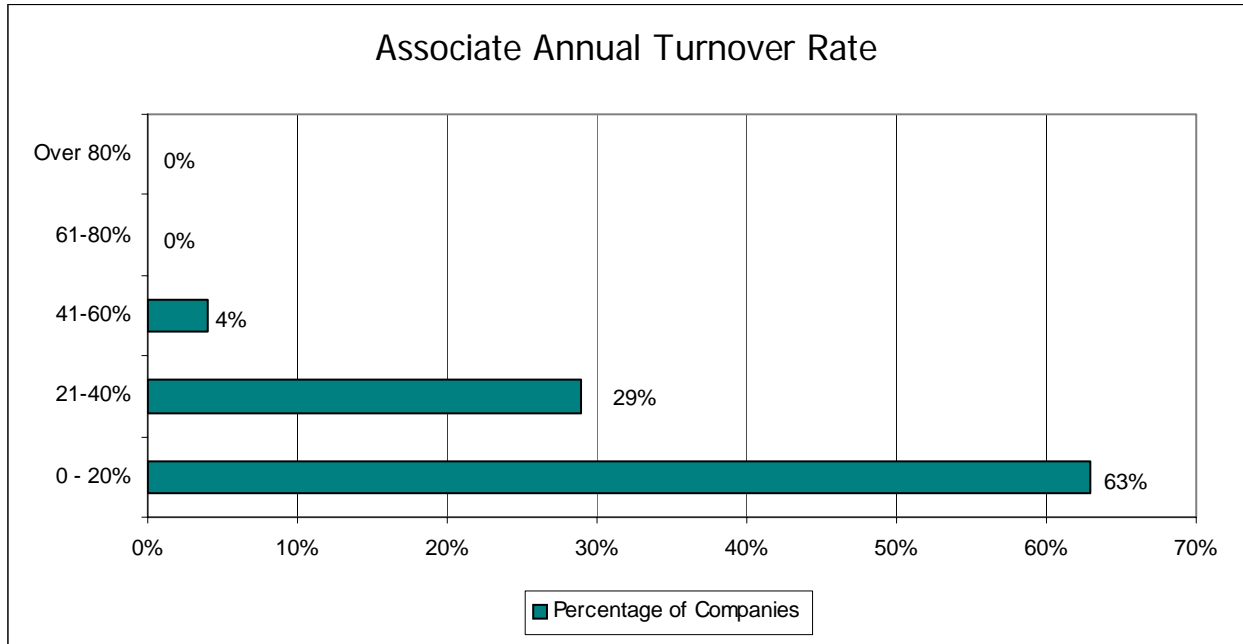


Figure 39

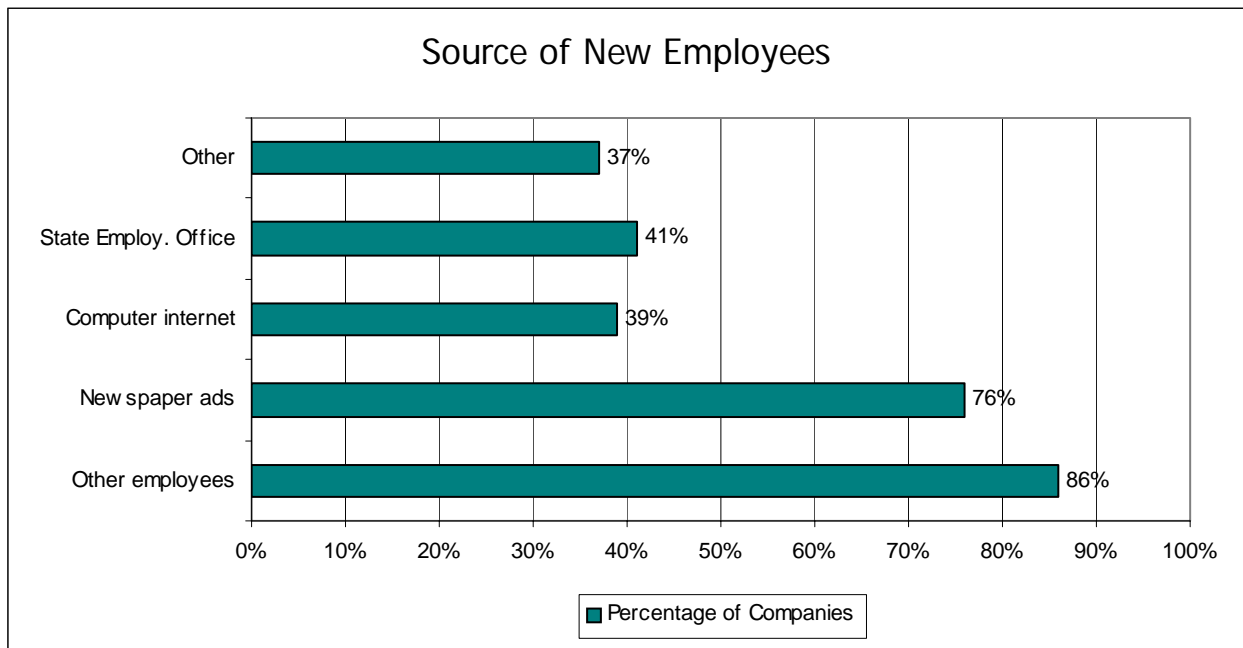
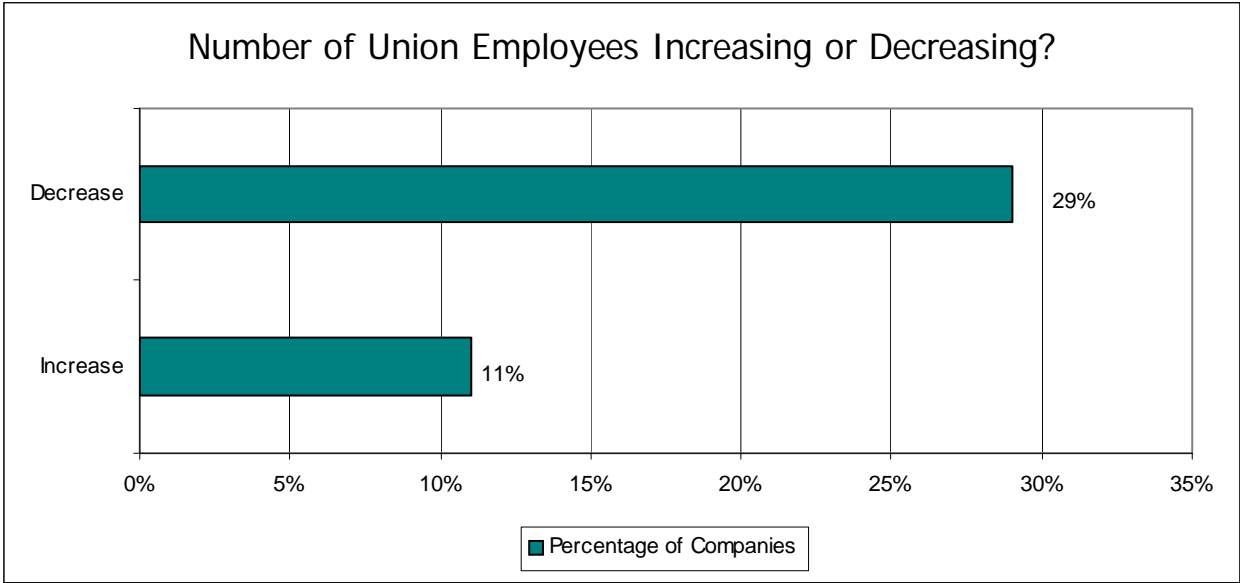


Figure 40



Of the companies reporting an increase in union labor, the average increase was 41%. Those reporting decreases averaged a decrease of 59%.

General Operating Issues

There are many different supporting functions in a cold storage warehouse that are required to make the operation efficient and effective. Some of the more important areas include sanitation, safety, quality control, and value-added activities. As concerns for safety and sanitation procedures continue to grow, operating a cold storage warehouse goes far beyond just moving pallets of merchandise in and out to service retail food store distributors. Each year, the influence of federal and state governments increases as companies are regularly required to follow new regulations and programs.

Highlights for Operational Issues

HACCP:	Most companies (88%) have program in place
Sanitation Scores:	Only 46% of companies report scores of 950+
Worker's Compensation:	Light duty programs are readily available
Compensatory Activities:	Performing USDA inspections and relabeling product – 74% of warehouses
Safety Equipment:	Work boots required
OSHA:	Very few actions taken
Accident Prevention:	Education and recognition most common strategies

The following points summarize the key issues in these areas of operation:

1. **HACCP.** Most warehouses (88%) have implemented a HACCP program to ensure product integrity through proper temperature control through each step of the logistics process.
2. **Benefits.** Worker's compensation is an area of the operation that needs to be addressed and controlled. Many of the warehouses (88%) have successfully implemented a light duty program for employees who are injured on the job.
3. **Income.** Most companies are performing some value-added, compensatory activities in the warehouse. The most common jobs completed include: conducting USDA inspections of products, date stamping and relabeling products for the manufacturer for shipment to the various retail channel outlets.
4. **Sanitation.** 95% of warehouses have completed a sanitation inspection within the last year. Sanitation scores are down from the 2003 survey as 73% of the companies had received excellent scores of 950 or better in the 2003 survey. In this 2006 survey, only 46% received scores of 950 or better.
5. **OSHA.** Approximately 30% of warehouses received OSHA inspections within the last year in both this and the 2003 surveys. When an inspection was completed in year 2005-06, only 37% needed no corrective action. This is down from 2003 when 68% needed no corrective action.
6. **Ergonomics.** Ergonomics issues are being considered by many warehouse operations. Only a few companies responded that they have implemented programs to reduce workers compensation claims through different methods of operation.

7. **Accidents.** Many companies have successfully implemented accident reduction programs. These programs focus on employee education and recognition activities. Work boots are most often required to help reduce accidents in the workplace.

Sanitation Inspections

The most recent formal sanitation inspection occurred within the last six months for 67% of warehouses, and from six months to one year for 28% of participants. Sanitation scores of 950 or better were received by 46% of warehouses. This is down from 2003 when 73% received scores of 950 or better. Scores of 925 to 949 were received by 32% of warehouses in this survey, and by 10% of warehouses in the 2003 survey. Scores lower than 925 were received by 22% of warehouses in this survey, and 18% of warehouses in the 2003 survey.

Other Inspections

These survey results show that approximately the same number of OSHA inspections took place during this survey period than did in the 2003 survey. For instance, 30% of warehouses in this survey reported that an OSHA inspection took place within the last year. In 2003, 31% had received OSHA inspections within the last year. Results of OSHA inspections have declined since 2003 however, with no corrective action required in only 37% of inspections, but 37% needed corrective action, and 26% had monetary fines in this survey. These results are down from year 2003 when 68% needed no corrective action, and only 8% had monetary fines.

The frequency and outcome of USDA and FDA inspections in this survey are as follows:

	USDA	FDA
Timing of Last Inspection:		
Within last six months	72%	42%
Six months to one year	21%	42%
Outcome:		
No action required	94%	93%
Monetary fines	0%	0%

Maintenance Issues

The age of warehouse equipment is a source of concern for approximately 70% of warehouses. This concern is classified as severe for 6% of participants, moderate for 53%, and mild for 41% of these warehouses. The average amount budgeted in the current year for equipment maintenance is only 1.2% of revenue.

The average age of warehouse equipment as reported by participants in this survey is as follows:

Description	0 to 3 Yrs	4 to 7 Yrs	8 to 10 Yrs	Over 10 Yrs
Double pallet jacks/batteries	35%	34%	15%	15%
Single pallet jacks/batteries	34%	25%	12%	28%
Forklift batteries	54%	31%	10%	6%
Forklifts - narrow isle	45%	27%	20%	8%
Forklifts - counter balance	35%	33%	13%	20%
VNA turret trucks/batteries	63%	9%	19%	9%
Slip sheet batteries	28%	34%	26%	12%
Personnel carrier batteries	41%	7%	15%	37%
Support equipment	68%	9%	12%	12%

WAGES AND BENEFITS

Since wage and benefit results vary by geographic region, the wage and benefit results included in this report have been provided as overall survey averages (pages 80 to 85), and segregated geographically along the lines of the seven local chapters of IARW within North America. The results include some background information on pay related and training issues, average salaries for the five most common salaried positions, and hourly wage rate results for eleven hourly wage positions. Participating warehouses provided the high, low and average hourly wage rate for each position. The results show the averages calculated from this data for both the union and non-union wages. Fringe benefit results have also been provided for union and non-union employees separately.

Caution! You should not rely too heavily on the 2006 salary and hourly wage rate averages by geographic region as some warehouses elected not to provide us with this information, or did not provide it for all positions. Consequently, the sample size for each region are generally less than ten, and are as small as three to four for some regions. To help compensate for these small sample sizes, we have also provided some results from the 2004 Wage and Benefits survey, and the 2003 Productivity and Benchmarking surveys where comparative information was available. This 2006 survey includes results on 108 warehouses from approximately 40 companies.

Highlights and Trends

- **Fringe Benefits:** The overall fringe benefit rate for all companies in the survey increased slightly from 33% in 2001 to 35.3% in 2003, but is down to 30% in this survey.
- **Incentive and Performance Pay Programs:** This method of compensating productive employees includes incentive and performance pay programs in 58% of the warehouses. For warehouses that do participate in such programs, participating by warehouse supervisors has increased from 40% of warehouses in 2001 to 53% in 2003, to 93% in this survey. The financial incentive payments average 14% of pay in this survey. This is up from an average of 9.7% of pay in the 2003 survey. Other employee positions generally participate in such programs in less than 50% of participating warehouses.
- **Average Annual Overtime Worked:** Averaged 7.5% for non-union and 10.8% for union employees in the 2003 survey. The 2006 survey results are 11% for non-union and 12% for union employees.
- **Safety Equipment:** Is provided by almost all warehouses for their employees with work boots, freezer wear, and eyewear being the most common types provided.
- **Education and Training:** Almost all (over 90%) provide training to the warehouse staff, supervisors and managers. In house training and IARW/WFLO courses are the most common sources for staff training, with 54% of staff and 86% of supervisor and manager participating in the WFLO Institute.

Wage and Benefit Results - Average of All Warehouses

2006 SURVEY				2003
Percent Yes	Based on Performance of:			Percent Yes
	Company	Group	Indiv.	

Incentive or Performance Pay

Plan Provided?	58%				70%
Plan Offered To:					
Warehouse supervisors	58%	69%	27%	42%	53%
Receivers	36%	50%	30%	10%	21%
Forklift operators	39%	55%	27%	9%	26%
Order selectors	39%	45%	27%	27%	28%
Shipping	36%	50%	30%	20%	24%
Sanitation	43%	67%	17%	8%	12%
Maintenance	54%	47%	13%	27%	22%
Office/Clerical	54%	73%	13%	33%	30%

2006	2003	2001
------	------	------

Average Number of Employees:

Non Union	29	29	25
Union	8	9	10
Total	37	38	35

Type of Incentive Offered:

Financial	56%	78%	59%
At average percent of pay	14%	10%	10%
Time off	8%	4%	10%
Other recognition	10%	19%	14%

Frequency of incentive payments:

Weekly	14%	7%	9%
Monthly	7%	8%	7%
Quarterly	18%	13%	21%
Annual	61%	67%	62%

Overtime pay begins:

Non Union - Daily after 8 hours	42%	67%	47%
- Weekly after 40 hours	58%	33%	53%
Union - Daily after 8 hours	75%	86%	72%
- Weekly after 40 hours	25%	14%	28%

	2006	2003	2001
Average annual overtime %			
Non-Union	11%	8%	N/A
Union	12%	11%	N/A
"Light Duty" program offered for injured employees:	88%	86%	81%
Light duty paid at a reduced rate?	14%	25%	12%
Safety equipment provided for employees:			
Type provided:			
Work boots	69%	68%	61%
Hard hats	39%	44%	46%
Eye wear	53%	52%	51%
Back brace	35%	44%	36%
Freezer wear	96%	78%	96%
Other	22%	11%	15%
Employees participate in warehouse training:	94%	91%	99%
Type provided:			
IARW/WFLO	54%	67%	52%
Local classes	35%	49%	22%
In House	89%	87%	89%
State programs	4%	7%	12%
Manufacturers	9%	37%	17%
Other	7%	9%	7%
Provide training for supervisors and managers			
Type provided:			
WFLO Institute	86%	73%	61%
Consultants	12%	23%	14%
In house seminars	51%	42%	55%
Other	22%	29%	23%

	2006	2003	2001
Percent of supervisors and managers that participate:			
90% or more	18%	64%	37%
60-89%	11%	9%	24%
40-59%	11%	4%	15%
20-39%	15%	10%	5%
Less than 20%	45%	3%	18%
Annual budget for training and education:			
\$3,000 or less	21%	24%	26%
\$3,001 to \$6,000	24%	28%	32%
\$6,001 to \$9,000	5%	17%	16%
Over \$9,000	50%	24%	26%
Average percent of revenue	0.3%		
Steps taken to address ergonomic issues:			
Location of product	71%	48%	37%
Turn pallets	19%	10%	39%
Eliminate heavy products	13%	0%	14%
Plastic pallets	9%	0%	5%
Other	35%	41%	4%
Accident prevention program in place:			
Type used:	94%	90%	96%
Financial	39%	43%	35%
Time off	9%	10%	9%
Recognition	35%	39%	50%
Education/Training	67%	69%	68%
Other	7%	9%	7%
Experience difficulty in finding qualified warehouse personnel:			
	79%	61%	79%

	2006	2003	2001
Annual turnover rate -			
Warehouse personnel:			
20% or less	63%	71%	60%
21 to 40%	29%	22%	30%
Over 40%	4%	7%	10%
Office staff:			
20% or less	92%	93%	80%
21 to 40%	6%	4%	12%
Over 40%	2%	2%	6%
Sources used for finding			
new employees:			
Other employees	86%	92%	84%
Newspaper advertising	76%	86%	88%
Computer internet	39%	46%	19%
State employment office	41%	40%	34%
Other	37%	50%	36%
Use the new non-negotiable			
warehouseman's contract			
developed by IARW in 2001:			
	83%	60%	48%

	2006			2003
	High	Low	Average	Average
Annual Salary for Key Positions:				
General Manager	\$ 187,500	\$ 51,200	\$ 98,000	\$ 90,200
Plant Manager	\$ 117,700	\$ 39,000	\$ 71,200	\$ 61,110
Logistics Manager	\$ 75,000	\$ 45,300	\$ 63,300	\$ 70,700
Refrigeration Engineer	\$ 119,400	\$ 36,300	\$ 65,000	\$ 52,530
Sales Manager	\$ 153,300	\$ 49,800	\$ 89,800	\$ 76,930

2006			2003
High	Low	Average	Average

Hourly Wages - Survey Averages

Non-Union Wage Rates:

Supervisor	\$ 21.07	\$ 16.36	\$ 18.90	\$ 18.03
Receiver	\$ 12.71	\$ 10.02	\$ 11.32	\$ 11.19
Forklift Operator	\$ 13.14	\$ 10.23	\$ 11.70	\$ 11.82
Order Selector	\$ 13.46	\$ 10.39	\$ 12.04	\$ 11.39
Shipping	\$ 12.63	\$ 10.30	\$ 11.56	\$ 11.53
Sanitation	\$ 11.21	\$ 10.07	\$ 10.68	\$ 9.83
Maintenance	\$ 17.78	\$ 14.00	\$ 15.79	\$ 15.70
Office Manager	\$ 19.62	\$ 16.94	\$ 18.30	\$ 18.78
Accounting Manager	\$ 26.53	\$ 23.33	\$ 25.17	\$ 23.10
Clerical	\$ 14.67	\$ 11.09	\$ 12.92	\$ 12.13
Other	\$ 14.56	\$ 11.40	\$ 12.97	\$ 13.14

Union Wage Rates:

Supervisor	\$ 18.21	\$ 16.42	\$ 17.28	\$ 17.54
Receiver	\$ 14.61	\$ 11.71	\$ 13.41	\$ 15.04
Forklift Operator	\$ 15.77	\$ 13.28	\$ 14.80	\$ 15.40
Order Selector	\$ 15.12	\$ 12.49	\$ 14.28	\$ 14.96
Shipping	\$ 15.21	\$ 11.86	\$ 13.88	\$ 15.24
Sanitation	\$ 12.09	\$ 10.03	\$ 11.12	\$ 13.17
Maintenance	\$ 18.26	\$ 15.69	\$ 16.79	\$ 18.36
Office Manager	N/A	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A	N/A
Clerical	\$ 12.76	\$ 10.88	\$ 11.96	\$ 11.14
Other	\$ 14.59	\$ 13.67	\$ 13.89	\$ 11.97

Average Fringe Benefit Rate:

37.4%	19.7%	30.0%	35.3%
-------	-------	-------	-------

FRINGE BENEFITS:

Paid time off - days per year

Vacation days

Sick days

Personal days

2006 Averages		2004
Non-Union	Union	Average

12 12 12

5 5 5

2 1 3

Paid Holidays: (Percent yes)

New Years Day

Good Friday

July 4

Thanksgiving

Day after Thanksgiving

MLK Birthday

Memorial Day

Labor Day

Yom Kippur

Christmas

Other

100% 100% 100%

22% 21% 44%

96% 95% 98%

100% 100% 100%

30% 68% 21%

7% 16% 2%

98% 100% 62%

100% 100% 98%

0% 0% 0%

100% 100% 100%

41% 84% 38%

Medical Insurance

Type Provided:

Indemnity

Self Insured

HMO

PPO

Health Savings Accounts

Health Reimbursement Accounts

14% 19% 9%

23% 25% 25%

43% 44% 41%

57% 56% 68%

27% 13% N/A

20% 25% N/A

Average Cost per Employee

per Month:

Family Coverage

Single Coverage

\$ 685.61 \$ 765.50 \$ 683.28

\$ 283.69 \$ 505.54 \$ 259.64

Percent Paid by Employer

66% 65% 75%

Other Benefits:

Disability Pay - Number of weeks

Life Insurance Coverage - Avg

Life Insurance - Coverage x Salary

Retirement as % of Payroll

15 weeks 19 weeks 23 weeks

\$ 34,500 \$ 10,500 \$ 30,600

1 Time N/A 1.5 Times

5.1% 7.4% 4.1%

North Atlantic Region

	2006	2003	2001
Number of participating warehouses	22	16	32
Average number of employees:			
Union	9	1	63
Non-Union	37	44	40
Total Employees	46	45	103
Percent Union	20%	1%	61%
Percent direct labor employees	67%	69%	N/A
Percent indirect labor	33%	31%	N/A
Over the past five years, has the percentage of union employees:	Increased	Decreased	
Average % change	50%	50%	
	15%	60%	
Fringe benefit rate as percent of salary:	2006	2003	2001
	29.9%	26.7%	N/A
Location of Participating Warehouses:			
Metropolitan	36%	100%	50%
Suburban	28%	0%	33%
Rural	36%	0%	17%
Average Salary Information:			
General Manager	\$ 81,391	\$ 85,387	\$ 80,800
Plant Manager	\$ 60,528	\$ 58,500	\$ 55,871
Logistics Manager	\$ 55,332	N/A	\$ 64,501
Engineers	\$ 61,658	\$ 51,884	\$ 51,100
Sales Manager	\$ 73,808	\$ 74,400	\$ 67,550

Hourly Wages - Survey Averages

Non-Union Wage Rates:

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 21.09	\$ 16.23	\$ 18.73	\$ 15.63
Receiver	\$ 13.05	\$ 11.11	\$ 12.14	\$ 12.33
Forklift Operator	\$ 12.68	\$ 10.44	\$ 11.60	\$ 11.83
Order Selector	\$ 13.22	\$ 11.28	\$ 12.32	\$ 11.83
Shipping	\$ 13.38	\$ 11.42	\$ 12.45	\$ 12.33
Sanitation	\$ 12.64	\$ 11.13	\$ 12.04	\$ 10.50
Maintenance	\$ 16.88	\$ 13.45	\$ 15.30	\$ 18.42
Office Manager	\$ 16.95	\$ 14.41	\$ 15.85	\$ 18.46
Accounting Manager	\$ 21.09	\$ 17.41	\$ 19.35	\$ 16.00
Clerical	\$ 14.27	\$ 10.56	\$ 12.48	\$ 13.09
Other	\$ 14.49	\$ 12.34	\$ 13.61	N/A

Union Wage Rates:

	High	Low	Average
Supervisor	N/A	N/A	N/A
Receiver	\$ 13.63	\$ 10.65	\$ 12.13
Forklift Operator	\$ 15.14	\$ 13.04	\$ 14.08
Order Selector	\$ 13.52	\$ 12.03	\$ 12.77
Shipping	\$ 13.63	\$ 10.65	\$ 12.13
Sanitation	\$ 9.00	\$ 8.30	\$ 8.73
Maintenance	\$ 21.06	\$ 20.04	\$ 20.55
Office Manager	\$ 19.00	\$ 19.00	\$ 19.00
Accounting Manager	N/A	N/A	N/A
Clerical	\$ 12.50	\$ 12.50	\$ 12.50
Other	N/A	N/A	N/A

Southeast Region

	2006	2003	2001
Number of participating warehouses	16	9	12
Average number of employees:			
Union	2	8	28
Non-Union	39	41	75
Total Employees	41	49	103
Percent Union	5%	17%	27%
Percent direct labor employees	71%	71%	N/A
Percent indirect labor	29%	29%	N/A
Over the past five years, has the percentage of union employees:			
Average % change			
	Increased	Decreased	
	N/A	N/A	
	N/A	N/A	
	2006	2003	2001
Fringe benefit rate as percent of salary:	26.1%	32.5%	N/A
Location of Participating Warehouses:			
Metropolitan	25%	22%	N/A
Suburban	50%	33%	N/A
Rural	25%	44%	N/A
Average Salary Information:			
General Manager	\$ 80,977	\$ 73,200	\$ 78,065
Plant Manager	\$ 59,720	\$ 54,700	\$ 58,577
Logistics Manager	\$ 43,333	N/A	\$ 53,485
Engineers	\$ 57,278	\$ 45,000	\$ 51,409
Sales Manager	\$ 76,531	\$ 72,000	N/A

Hourly Wages - Survey Averages

Non-Union Wage Rates:

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 18.43	\$ 15.91	\$ 17.18	\$ 15.85
Receiver	\$ 12.42	\$ 10.00	\$ 10.89	\$ 9.29
Forklift Operator	\$ 13.20	\$ 11.08	\$ 11.96	\$ 10.19
Order Selector	\$ 13.88	\$ 11.50	\$ 12.69	\$ 10.06
Shipping	\$ 11.92	\$ 10.50	\$ 11.20	\$ 9.50
Sanitation	\$ 10.47	\$ 9.47	\$ 9.97	\$ 8.74
Maintenance	\$ 17.36	\$ 15.60	\$ 16.48	\$ 16.10
Office Manager	\$ 17.65	\$ 16.45	\$ 17.05	\$ 15.95
Accounting Manager	\$ 27.65	\$ 22.84	\$ 25.25	N/A
Clerical	\$ 12.28	\$ 10.84	\$ 11.52	\$ 9.71
Other	N/A	N/A	N/A	N/A

Union Wage Rates:

	High	Low	Average
Supervisor	\$ 18.44	\$ 17.46	\$ 17.95
Receiver	N/A	N/A	N/A
Forklift Operator	\$ 14.02	\$ 13.77	\$ 13.90
Order Selector	N/A	N/A	N/A
Shipping	N/A	N/A	N/A
Sanitation	\$ 13.77	\$ 13.77	\$ 13.77
Maintenance	\$ 14.21	\$ 13.81	\$ 14.01
Office Manager	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A
Clerical	\$ 12.00	\$ 12.00	\$ 12.00
Other	\$ 16.70	\$ 16.70	\$ 16.70

Great Lakes Region

	2006	2003	2001
Number of participating warehouses	30	11	22
Average number of employees:			
Union	3	6	30
Non-Union	40	34	34
Total Employees	43	40	64
Percent Union	7%	15%	47%
Percent direct labor employees	61%	71%	N/A
Percent indirect labor	19%	29%	N/A

	Increased	Decreased
Over the past five years, has the percentage of union employees:	0%	33%
Average % change	0%	25%

	2006	2003	2001
Fringe benefit rate as percent of salary:	28.1%	35.7%	N/A

Location of Participating Warehouses:			
Metropolitan	33%	50%	N/A
Suburban	67%	50%	N/A
Rural	0%	0%	N/A

Average Salary Information:			
General Manager	\$ 116,250	\$ 126,250	\$ 80,080
Plant Manager	\$ 113,000	\$ 48,000	\$ 65,444
Logistics Manager	\$ 88,750	\$ 87,500	\$ 78,877
Engineers	\$ 98,833	\$ 50,000	\$ 55,731
Sales Manager	\$ 103,333	\$ 103,333	\$ 88,000

Hourly Wages - Survey Averages Non-Union Wage Rates:	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 23.50	\$ 17.19	\$ 21.15	\$ 17.74
Receiver	\$ 15.67	\$ 10.27	\$ 13.42	\$ 12.10
Forklift Operator	\$ 15.52	\$ 10.56	\$ 13.17	\$ 12.18
Order Selector	\$ 15.67	\$ 10.27	\$ 13.42	\$ 12.10
Shipping	\$ 15.67	\$ 10.27	\$ 13.42	\$ 12.10
Sanitation	\$ 13.88	\$ 11.62	\$ 13.08	\$ 11.20

Hourly Wages - Survey Averages**Non-Union Wage Rates:**

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Maintenance	\$ 19.47	\$ 13.80	\$ 15.97	\$ 13.51
Office Manager	\$ 23.11	\$ 16.51	\$ 19.83	\$ 21.12
Accounting Manager	\$ 30.50	\$ 20.50	\$ 27.00	N/A
Clerical	\$ 15.43	\$ 11.84	\$ 13.81	\$ 12.88
Other	N/A	N/A	N/A	N/A

Union Wage Rates:

	High	Low	Average
Supervisor	\$ 18.50	\$ 17.00	\$ 18.00
Receiver	\$ 16.00	\$ 10.00	\$ 15.00
Forklift Operator	\$ 15.73	\$ 11.07	\$ 14.67
Order Selector	\$ 16.26	\$ 11.01	\$ 15.25
Shipping	\$ 16.00	\$ 10.00	\$ 15.00
Sanitation	\$ 14.58	\$ 9.87	\$ 13.09
Maintenance	\$ 15.84	\$ 10.95	\$ 13.75
Office Manager	\$ 16.83	\$ 16.83	\$ 16.83
Accounting Manager	N/A	N/A	N/A
Clerical	\$ 13.83	\$ 10.00	\$ 12.50
Other	N/A	N/A	N/A

Missouri Valley Region

	2006	2003	2001
Number of participating warehouses	3	7	33
Average number of employees:			
Union	8	11	20
Non-Union	25	11	13
Total Employees	32	22	33
Percent Union	25%	51%	60%
Percent direct labor employees	82%	70%	N/A
Percent indirect labor	18%	30%	N/A
Over the past five years, has the percentage of union employees:			
Average % change			
	Increased	Decreased	
	33%	0%	
	N/A	N/A	
Fringe benefit rate as percent of salary:			
	2006	2003	2001
	28.3%	40.7%	N/A
Location of Participating Warehouses:			
Metropolitan	67%	40%	75%
Suburban	0%	20%	13%
Rural	33%	40%	12%
Average Salary Information:			
General Manager	\$ 97,000	\$ 77,349	\$ 81,792
Plant Manager	\$ 74,400	\$ 54,267	\$ 59,681
Logistics Manager	N/A	\$ 65,932	\$ 64,598
Engineers	\$ 48,500	\$ 47,803	\$ 46,933
Sales Manager	N/A	N/A	\$ 97,718

Hourly Wages - Survey Averages

Non-Union Wage Rates:

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 25.37	\$ 17.08	\$ 21.19	\$ 17.96
Receiver	\$ 12.28	\$ 9.00	\$ 10.64	\$ 13.32
Forklift Operator	\$ 12.75	\$ 9.00	\$ 10.88	\$ 12.98
Order Selector	\$ 12.75	\$ 9.00	\$ 10.88	\$ 12.83
Shipping	\$ 12.28	\$ 9.00	\$ 10.64	\$ 13.32
Sanitation	\$ 8.63	\$ 8.50	\$ 8.57	\$ 10.47
Maintenance	\$ 13.50	\$ 12.63	\$ 13.09	\$ 16.90
Office Manager	N/A	N/A	N/A	\$ 20.27
Accounting Manager	\$ 18.75	\$ 18.75	\$ 18.75	\$ 14.69
Clerical	\$ 13.58	\$ 11.75	\$ 12.73	\$ 12.51
Other	\$ 14.50	\$ 8.00	\$ 10.68	N/A

Union Wage Rates:

	High	Low	Average
Supervisor	N/A	N/A	N/A
Receiver	\$ 15.45	\$ 12.00	\$ 14.32
Forklift Operator	\$ 15.45	\$ 12.00	\$ 14.32
Order Selector	\$ 15.45	\$ 12.00	\$ 14.32
Shipping	\$ 15.45	\$ 12.00	\$ 14.32
Sanitation	N/A	N/A	N/A
Maintenance	\$ 20.00	\$ 20.00	\$ 20.00
Office Manager	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A
Clerical	N/A	N/A	N/A
Other	N/A	N/A	N/A

North Pacific Region

	2006	2003	2001
Number of participating warehouses	32	33	23
Average number of employees:			
Union	12	15	10
Non-Union	12	17	19
Total Employees	24	32	29
Percent Union	50%	49%	33%
Percent direct labor employees	74%	66%	N/A
Percent indirect labor	26%	34%	N/A
Over the past five years, has the percentage of union employees:	Increased	Decreased	
Average % change	0%	29%	
	0%	18%	
Fringe benefit rate as percent of salary:	2006	2003	2001
	31.4%	40.1%	N/A
Location of Participating Warehouses:			
Metropolitan	42%	50%	78%
Suburban	29%	30%	11%
Rural	29%	20%	11%
Average Salary Information:			
General Manager	\$ 135,474	\$ 93,190	\$ 96,484
Plant Manager	\$ 81,275	\$ 67,800	\$ 69,658
Logistics Manager	\$ 49,000	\$ 68,474	\$ 57,589
Engineers	\$ 62,728	\$ 55,703	\$ 52,890
Sales Manager	\$ 130,000	\$ 67,500	\$ 48,500

Hourly Wages - Survey Averages

Non-Union Wage Rates:

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 20.13	\$ 17.36	\$ 19.17	\$ 17.72
Receiver	N/A	N/A	N/A	\$ 13.38
Forklift Operator	\$ 15.85	\$ 10.50	\$ 14.14	\$ 14.49
Order Selector	N/A	N/A	N/A	\$ 13.06
Shipping	\$ 12.57	\$ 12.27	\$ 12.42	\$ 13.06
Sanitation	\$ 13.74	\$ 12.32	\$ 12.70	\$ 11.43
Maintenance	\$ 21.40	\$ 15.25	\$ 18.09	\$ 17.25
Office Manager	\$ 23.11	\$ 20.73	\$ 21.48	\$ 15.57
Accounting Manager	\$ 29.47	\$ 29.47	\$ 29.47	\$ 29.21
Clerical	\$ 20.18	\$ 12.46	\$ 16.38	\$ 11.65
Other	\$ 13.71	\$ 11.39	\$ 12.65	\$ 19.02

Union Wage Rates:

	High	Low	Average
Supervisor	\$ 18.23	\$ 15.55	\$ 16.89
Receiver	\$ 14.64	\$ 12.99	\$ 13.63
Forklift Operator	\$ 17.26	\$ 15.31	\$ 16.17
Order Selector	\$ 19.35	\$ 19.05	\$ 19.20
Shipping	\$ 16.45	\$ 13.84	\$ 15.15
Sanitation	\$ 10.91	\$ 8.11	\$ 9.40
Maintenance	\$ 21.53	\$ 15.67	\$ 17.96
Office Manager	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A
Clerical	\$ 12.69	\$ 9.02	\$ 10.86
Other	\$ 10.39	\$ 7.63	\$ 8.28

South Pacific Region

	2006	2003	2001
Number of participating warehouses	11	12	27
Average number of employees:			
Union	13	18	35
Non-Union	11	20	27
Total Employees	24	38	62
Percent Union	55%	48%	56%
Percent direct labor employees	73%	67%	N/A
Percent indirect labor	27%	33%	N/A
Over the past five years, has the percentage of union employees:			
Average % change			
	Increased	Decreased	
	50%	25%	
	8%	N/A	
Fringe benefit rate as percent of salary:			
	2006	2003	2001
	29.3%	43.7%	N/A
Location of Participating Warehouses:			
Metropolitan	75%	33%	44%
Suburban	25%	33%	56%
Rural	0%	33%	0%
Average Salary Information:			
General Manager	\$ 116,074	\$ 95,099	\$ 100,719
Plant Manager	\$ 92,000	\$ 78,616	\$ 72,437
Logistics Manager	\$ 63,000	\$ 55,089	\$ 83,183
Engineers	\$ 85,243	\$ 57,437	\$ 64,915
Sales Manager	\$ 88,279	N/A	\$ 85,650

Hourly Wages - Survey Averages**Non-Union Wage Rates:**

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 26.04	\$ 17.30	\$ 21.79	\$ 22.11
Receiver	\$ 10.70	\$ 8.00	\$ 9.25	\$ 11.02
Forklift Operator	\$ 10.25	\$ 8.00	\$ 9.25	\$ 11.02
Order Selector	\$ 10.50	\$ 8.00	\$ 9.25	\$ 11.02
Shipping	\$ 8.50	\$ 7.00	\$ 8.00	\$ 11.05
Sanitation	\$ 7.75	\$ 7.75	\$ 7.75	\$ 9.30
Maintenance	\$ 20.60	\$ 9.75	\$ 16.50	\$ 16.31
Office Manager	\$ 31.25	\$ 31.25	\$ 31.25	\$ 22.43
Accounting Manager	\$ 32.85	\$ 32.85	\$ 32.85	\$ 30.10
Clerical	\$ 14.76	\$ 11.31	\$ 13.06	\$ 14.26
Other	N/A	N/A	N/A	N/A

Union Wage Rates:

	High	Low	Average
Supervisor	\$ 17.38	\$ 16.38	\$ 16.38
Receiver	\$ 14.94	\$ 10.64	\$ 13.65
Forklift Operator	\$ 15.52	\$ 11.46	\$ 14.41
Order Selector	\$ 15.27	\$ 11.22	\$ 14.24
Shipping	\$ 14.94	\$ 10.64	\$ 13.65
Sanitation	\$ 12.29	\$ 12.29	\$ 12.29
Maintenance	\$ 16.50	\$ 13.15	\$ 14.83
Office Manager	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A
Clerical	N/A	N/A	N/A
Other	N/A	N/A	N/A

Southwestern Region

	2006	2003	2001
Number of participating warehouses	2	7	12
Average number of employees:			
Union	0	0	0
Non-Union	57	40	28
Total Employees	57	40	28
Percent Union	0%	0%	0%
Percent direct labor employees	76%	61%	N/A
Percent indirect labor	24%	39%	N/A

	Increased	Decreased
Over the past five years, has the percentage of union employees:	0%	50%
Average % change	N/A	-5%

	2006	2003	2001
Fringe benefit rate as percent of salary:	20.8%	26.6%	N/A

Location of Participating Warehouses:			
Metropolitan	50%	50%	38%
Suburban	0%	33%	38%
Rural	50%	17%	24%

Average Salary Information:			
General Manager	N/A	\$ 72,846	\$ 81,100
Plant Manager	\$ 64,500	\$ 65,000	\$ 60,927
Logistics Manager	\$ 70,000	\$ 66,405	\$ 52,768
Engineers	\$ 22,500	\$ 57,323	\$ 51,994
Sales Manager	\$ 58,000	\$ 65,000	\$ 62,000

Hourly Wages - Survey Averages Non-Union Wage Rates:	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Supervisor	\$ 14.75	\$ 13.50	\$ 14.00	\$ 18.06
Receiver	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.50
Forklift Operator	\$ 10.50	\$ 7.75	\$ 9.13	\$ 8.98
Order Selector	N/A	N/A	N/A	\$ 9.15
Shipping	\$ 9.00	\$ 7.50	\$ 8.25	\$ 8.71
Sanitation	\$ 7.75	\$ 7.25	\$ 7.50	\$ 7.92

Hourly Wages - Survey Averages**Non-Union Wage Rates:**

	Year 2006 Averages			Year 2003
	High	Low	Average	Avg.
Maintenance	\$ 16.50	\$ 9.50	\$ 11.75	\$ 12.67
Office Manager	\$ 17.50	\$ 17.50	\$ 17.50	\$ 18.93
Accounting Manager	N/A	N/A	N/A	N/A
Clerical	\$ 10.63	\$ 7.75	\$ 9.00	\$ 9.92
Other	\$ 16.50	\$ 12.00	\$ 14.00	\$ 7.25

Union Wage Rates:

	High	Low	Average
Supervisor	N/A	N/A	N/A
Receiver	N/A	N/A	N/A
Forklift Operator	N/A	N/A	N/A
Order Selector	N/A	N/A	N/A
Shipping	N/A	N/A	N/A
Sanitation	N/A	N/A	N/A
Maintenance	N/A	N/A	N/A
Office Manager	N/A	N/A	N/A
Accounting Manager	N/A	N/A	N/A
Clerical	N/A	N/A	N/A
Other	N/A	N/A	N/A

APPENDIX A, ALL PARTICIPATING WAREHOUSES

Survey No.	EBITDA %	Gross Cu. Ft.	Type - Space Allocation				# of Turns	No. of Customers	Per Month	
			Commod. Store	Prod.	Dist	Import/Export			Cases Shipped	Cases Received
601	0.0%	7,016,000					15.0	400	925,000	925,000
602	22.9%	1,701,000	64%	0%	27%	9%	2.3	-	-	-
603	40.5%	3,645,896	0%	0%	100%	0%	19.5	-	496,201	496,201
604	34.8%	16,832,145	0%	0%	100%	0%	5.4	538	1,632,958	1,531,819
605	33.1%	7,745,100	75%	0%	13%	0%	6.5	130	942,700	916,625
606	20.0%	2,355,000	43%	0%	0%	57%	6.1	240	250,000	250,000
607	28.2%	1,660,000	0%	0%	11%	89%		20	-	-
608	-27.1%	1,140,000	0%	0%	0%	100%		21	-	-
609	39.7%	6,120,000	0%	0%	0%	100%	12.0	14	883,300	734,470
610	14.2%	5,689,770	9%	0%	25%	66%	10.1	100	1,200,000	1,200,000
611	10.8%	5,996,180	0%	8%	83%	8%	8.7	60	900,000	852,500
612	32.8%	4,250,000	98%	2%	0%	0%	6.0	70	800,000	600,000
613	28.4%	3,191,760	13%	0%	87%	0%	6.7	19	-	-
614	16.9%	3,130,400	61%	21%	4%	0%	2.9	90	53,309	57,650
615	10.8%	1,373,780	91%	0%	0%	0%	5.4	16	-	-
616	29.1%	13,613,254	25%	0%	0%	75%	24.0	97	3,473,037	3,475,750
617	0.0%	14,097,700	0%	0%	99%	0%	-	-	2,951,941	2,915,051
618	0.0%	3,082,690	0%	0%	39%	61%	10.3	36	440,000	440,000
619	29.8%	23,614,000	78%	2%	12%	0%	4.0	130	265,000	308,400
620	0.0%	2,900,000	97%	0%	2%	0%	10.0	30	-	-
621	37.8%	3,000,000	0%	0%	85%	15%	5.1	23	-	-
622	35.5%	4,500,000	100%	0%	0%	0%	4.5	-	325,000	325,000
623	21.5%	19,463,745	0%	0%	100%	0%	8.3	76	3,000,000	3,000,000
624	44.1%	19,510,000	22%	0%	66%	9%	10.2	181	2,750,000	2,500,000
625	24.8%	12,129,319	0%	0%	100%	0%	13.5	-	2,782,438	2,922,580
626	36.2%	7,221,000	96%	0%	0%	4%	8.1	130	-	-
627	23.3%	2,531,000	20%	32%	43%	5%	1.9	79	375,000	350,000
628	26.9%	8,510,000	13%	40%	47%	0%	4.6	-	769,000	920,000
629	33.1%	9,875,641	61%	3%	36%	0%	6.5	117	1,600,395	1,527,234
630	61.6%	5,221,440	0%	100%	0%	0%	6.6	7	956,152	973,710
631	28.9%	2,005,880	0%	0%	100%	0%	6.1	13	441,000	388,080
632	21.9%	2,157,564	10%	0%	80%	10%	7.3	106	738,000	738,000
633	24.7%	3,172,708	85%	0%	0%	0%	17.1	10	450,000	250,000
634	26.2%	6,163,906	0%	0%	55%	45%	12.7	2	699,212	719,390
635	24.4%	2,729,951	0%	0%	100%	0%	7.3	3	230,000	230,000
636	37.4%	3,507,159	100%	0%	0%	0%	7.6	63	396,832	391,264
637	29.4%	7,091,980	5%	15%	68%	12%	5.0	38	734,096	734,096
638	22.7%	6,375,000	20%	0%	30%	40%	5.6	208	546,114	571,300
639	25.3%	6,294,975	0%	0%	0%	0%	5.3	25	580,000	360,000
640	37.9%	8,000,000	57%	14%	29%	0%	4.8	75	750,000	750,000
641	29.9%	2,010,450	25%	0%	1%	75%	7.0	33	572,958	541,166
642		71,000,000	3%	10%	86%	0%	20.4	1,206	-	-
643	27.4%	3,440,354	20%	26%	9%	10%	12.1	81	521,761	548,095
644	46.0%	42,987,166	0%	52%	47%	1%	9.3	822	4,596,263	4,639,005
645	28.0%	2,604,000	91%	0%	0%	9%	11.7	6	350,000	345,000
646	33.3%	8,010,000	0%	68%	0%	20%	7.2	197	-	-
647	59.8%	6,651,794	80%	0%	11%	1%	2.5	16	270,362	179,541
648	20.9%	2,183,000	0%	0%	73%	0%	12.5	12	110,000	110,000
649	30.1%	3,500,000	0%	17%	83%	0%	5.5	60	352,529	350,436
Sum	1263.9%	411,002,707	1459%	410%	1851%	822%	391.1	5,600	40,110,558	39,067,363
Count	44	108	48	48	48	48	46	102	85	85
2006 Av.	28.7%	3,805,581	30%	9%	39%	17%	8.5	55	471,889	459,616
2003 Av.	26.4%	3,937,052	38%	7%	26%	23%	8.2	71	407,427	415,151
		87					40	88	77	77

Survey No.	Per Month		# Employees			Direct per Supv.	Lbs. Shipped per Mo.	Lbs. Shipped Per Direct Employee/Mo	Lbs. In & Out Per Typical Month
	Units Shipped	Units Received	Direct	Total	# of Supv.				
601	-	-	69	99	12	5.8	13,600,000	197,101	
602	-	-	4	6	-		1,750,000	437,500	
603	-	-	19	37	5	3.6	14,639,911	770,116	29,279,822
604	-	-	93	134	4	23.3	38,295,481	411,779	77,855,205
605	-	-	37	59	3	12.3	20,022,319	541,144	40,044,638
606	7,000	7,000	22	42	6	3.7	12,000,000	545,455	24,000,000
607	-	-	24	33	4	6.0	-	-	-
608	6,500	6,000	12	20	4	3.0	12,000,000	1,000,000	24,000,000
609	14,721	12,140	22	53	4	5.5	24,280,000	1,103,636	48,560,000
610	9,000	9,000	58	92	6	9.7	26,000,000	448,276	52,000,000
611	12,100	13,000	27	53	3	9.0	20,000,000	740,741	40,000,000
612	500	1,200	26	44	3	8.7	12,500,000	480,769	25,000,000
613	-	-	30	34	2	15.0	14,000,000	466,667	28,000,000
614	1,055	600	16	91	3	5.3	3,003,000	187,688	6,006,000
615	-	-	2	4	1	2.0	2,116,200	1,058,100	4,232,400
616	56,860	57,114	141	226	15	9.4	114,229,000	810,135	228,458,000
617	48,103	48,118	72	118	8	9.0	40,103,332	556,991	80,206,664
618	-	-	147	175	-		20,395,870	138,747	40,791,740
619	13,250	10,280	122	170	7	17.4	25,700,000	210,656	51,400,000
620	4,000	4,000	6	12	1	6.0	8,000,000	1,333,333	16,000,000
621	8,000	8,000	16	25	2	8.0	10,800,000	675,000	21,600,000
622	-	-	20	57	2	10.0	10,916,000	545,800	21,832,000
623	-	-	187	250	20	9.4	40,000,000	213,904	89,305,830
624	59,000	50,000	150	192	12	12.5	96,300,000	642,000	192,600,000
625	42,372	44,506	108	146	14	7.7	49,220,000	455,741	98,440,000
626	-	-	26	59	6	4.3	-	-	-
627	1,000	3,900	13	26	3	4.3	8,000,000	615,385	12,208,333
628	-	-	43	70	6	7.2	21,500,000	500,000	43,000,000
629	-	-	40	75	16	2.5	34,638,467	865,962	69,276,934
630	7,747	7,846	13	15	-		11,504,732	884,979	23,009,464
631	3,500	3,080	16	23	3	5.3	5,236,000	327,250	10,829,000
632	4,800	4,800	24	35	3	8.0	3,321,000	138,375	6,642,000
633	9,000	5,500	48	58	3	16.0	12,600,000	262,500	26,853,970
634	17,480	17,984	78	109	8	9.8	21,188,521	271,648	42,761,840
635	6,500	6,500	35	53	9	3.9	8,700,000	248,571	17,400,000
636	6,661	6,568	25	33	1	25.0	9,194,710	367,788	18,389,420
637	12,200	12,200	30	40	2	15.0	13,031,258	434,375	26,062,516
638	11,389	2,757	21	40	8	2.6	15,267,259	727,012	30,534,518
639	9,546	5,674	21	36	4	5.3	6,000,000	285,714	17,041,200
640	11,500	11,500	21	32	4	5.3	17,250,000	821,429	34,500,000
641	8,738	8,844	15	22	2	7.5	10,324,400	688,293	19,333,985
642	-	-	735	949	53	13.9	133,556,697	181,710	267,113,394
643	-	-	26	38	3	8.7	14,605,951	561,767	29,211,902
644	80,435	81,183	172	239	9	19.1	162,365,186	943,984	324,730,372
645	-	-	25	38	2	12.5	13,744,000	549,760	27,377,140
646	-	-	72	107	2	36.0	23,757,000	329,958	47,514,000
647	7,790	5,321	21	31	3	7.0	8,566,029	407,906	17,132,058
648	2,500	2,500	4	7	1	4.0	3,500,000	875,000	7,000,000
649	-	-	12	21	4	3.0	7,936,006	661,334	16,014,405
Sum	483,247	457,115	2,966	4,327	296	428.2	1,195,658,329	25,921,979	2,373,548,750
Count	61	61	108	108	105	46	106	46	104
2006 Av.	7,922	7,494	27	40	3	9.3	11,279,796	563,521	22,822,584
2003 Av.	8,707	7,337	25	37	4	8.6	12,339,159		
	31	32	63	63	59	33	83		

Survey No.	Avg. Hours per Week			Age of Main bldg.	Aisle Width	# of Truck Doors	Revenue per Cu.Ft.	Revenue per Case	Revenue per Unit	Revenue per Direct Employee	Revenue per Employee
	Total Direct	Receiv.	Select.								
601	-	-	-	30	11.0	35	\$ -	\$ -		\$ -	\$ -
602	-	-	-	15	14.0	13	\$ 0.77			\$ 329,144	\$ 219,429
603	782	255	204	43	10.5	90	\$ 1.91	\$ 0.58		\$ 365,977	\$ 187,779
604	3,667	3,667	-	10	10.5	95	\$ 1.08	\$ 0.48		\$ 195,586	\$ 135,743
605	1,480	269	604	20	10.0	55	\$ 2.15	\$ 0.74		\$ 449,217	\$ 281,712
606	-	-	-	35	10.0	24	\$ 1.98	\$ 0.78	27.71	\$ 211,591	\$ 110,833
607	960	480	-	19	10.0	16	\$ 2.44			\$ 168,955	\$ 124,767
608	500	250	-	28	12.0	12	\$ 1.86		14.16	\$ 177,048	\$ 108,953
609	1,040	480	-	3	18.0	24	\$ 1.30	\$ 0.41	24.62	\$ 360,762	\$ 149,750
610	2,571	161	138	12	10.0	52	\$ 1.40	\$ 0.28	36.88	\$ 137,362	\$ 86,598
611	1,610	200	320	34	10.0	21	\$ 1.15	\$ 0.33	22.83	\$ 254,650	\$ 129,727
612	1,485	270	225	-	10.0	35	\$ 1.48	\$ 0.38	308.96	\$ 242,412	\$ 143,244
613	-	-	-	5	10.0	20	\$ 0.97			\$ 103,344	\$ 91,186
614	-	-	-	50	12.0	7	\$ 1.79		282.73	\$ 350,937	\$ 61,703
615	-	-	-	75	14.0	7	\$ 0.43			\$ 296,532	\$ 148,266
616	7,040	864	1,296	19	10.0	67	\$ 1.31	\$ 0.21	13.07	\$ 126,780	\$ 79,097
617	-	-	-	2	10.0	48	\$ -		-	\$ -	\$ -
618	5,852	924	-	33	8.9	13	\$ -			\$ -	\$ -
619	5,160	800	1,520	37	12.0	37	\$ 0.76	\$ 2.62	63.76	\$ 147,566	\$ 105,900
620	520	80	-	25	12.0	10			-	\$ -	\$ -
621	743	743	-	7	9.7	23	\$ 1.27		19.87	\$ 238,436	\$ 152,599
622	1,320	320	80	20	10.0	40	\$ 2.14	\$ 1.23		\$ 480,503	\$ 170,090
623	5,205	1,355	2,927	104	12.0	63	\$ 1.11	\$ 0.30		\$ 115,354	\$ 86,285
624	5,960	760	3,200	10	12.0	110	\$ 1.37	\$ 0.42	20.43	\$ 178,116	\$ 139,153
625	4,860	-	3,870	9	10.6	58	\$ 2.52	\$ 0.45	29.27	\$ 282,523	\$ 208,990
626	1,200	460	-	17	10.0	43	\$ 0.97			\$ 270,339	\$ 119,132
627	520	200	120	28	9.6	20	\$ 1.36	\$ 0.40	58.75	\$ 265,728	\$ 132,864
628	1,874	300	912	6	10.0	42	\$ 0.98	\$ 0.41		\$ 194,338	\$ 119,379
629	2,280	360	920	25	12.0	61	\$ 0.70	\$ 0.19		\$ 173,994	\$ 92,797
630	517	93	181	15	10.0	22	\$ 0.79	\$ 0.18	22.05	\$ 317,390	\$ 275,071
631	520	480	-	15	12.0	11	\$ 1.24	\$ 0.25	31.50	\$ 155,450	\$ 108,139
632	760	120	400	20	12.0	14	\$ 1.08	\$ 0.13	20.23	\$ 97,115	\$ 66,593
633	1,036	240	-	9	12.2	16	\$ 1.62	\$ 0.61	29.51	\$ 106,957	\$ 88,516
634	3,713	1,286	-	14	12.0	27	\$ 1.40	\$ 0.51	20.32	\$ 110,853	\$ 79,326
635	1,320	400	-	18	12.5	13	\$ 1.55	\$ 0.77	27.13	\$ 120,901	\$ 79,840
636	800	80	200	9	10.0	22	\$ 0.91	\$ 0.34	20.12	\$ 127,755	\$ 96,784
637	1,742	225	210	20	12.0	24	\$ 0.52	\$ 0.21	12.70	\$ 123,905	\$ 92,929
638	910	136	455	17	12.0	27	\$ 1.90	\$ 0.90	71.28	\$ 576,190	\$ 302,500
639	928	200	198	30	-	44	\$ 0.66	\$ 0.37	22.66	\$ 197,087	\$ 114,968
640	840	80	160	5	-	37	\$ 0.60	\$ 0.27	17.40	\$ 228,720	\$ 150,098
641	643	135	254	41	10.2	10	\$ 0.88	\$ 0.13	8.37	\$ 117,792	\$ 80,313
642	12,549	2,260	4,427	-	-	48	\$ 0.54			\$ 52,199	\$ 40,428
643	1,188	264	540	38	12.0	22	\$ 1.27	\$ 0.34		\$ 167,450	\$ 114,571
644	9,683	2,063	1,002	22	11.7	100	\$ 0.76	\$ 0.29	16.83	\$ 189,716	\$ 136,532
645	1,160	80	-	13	12.0	9	\$ 1.44	\$ 0.45		\$ 149,522	\$ 98,370
646	3,210	560	1,120	27	10.0	34	\$ 1.74			\$ 194,032	\$ 130,564
647	840	240	120	17	12.0	36	\$ 0.61	\$ 0.75	25.68	\$ 192,365	\$ 130,312
648	200	20	80	40	9.0	8	\$ 0.40	\$ 0.33	14.56	\$ 218,458	\$ 124,833
649	780	160	280	18	9.6	11	\$ 1.00	\$ 0.41		\$ 291,632	\$ 166,647
Sum	99,968	22,320	25,963	1,109	511.9	1,676	\$56.119	\$17.44	1,283.36	\$ 9,852,682	\$ 5,863,308
Count	100	99	80	47	46	108	45	36	28	45	45
2006 Av.	1,000	225	325	24	11.1	16	\$ 1.25	\$ 0.48	45.83	\$ 218,948	\$ 130,296
2003 Av.	1,026	254	292	23	10.8	18	\$ 1.06	\$ 0.61	94.50	\$ 204,551	\$ 131,154
	61	54	50	40	38	86	36	29	20	33	33

Survey No.	Lbs. per Case Shipped	Pounds Shipped Per D. Hour	Pounds In & Out per D. Hour	Throughput			Customer orders per month	Cases Per Order	Percent Racked	No. of Failcars Per Yr
				Cases per Hour	Units per Hour	Case/ Selec/Hr				
601	15						1,400	1,321	100%	-
602							450	-	50%	2
603	30	4,680	9,361	317.3	-	1,216	4,100	242	100%	-
604	23.5	2,611	5,308	215.8	-		14,263	222	94%	325
605	21	3,382	6,764	314.1	-	770	1,600	1,162	55%	100
606	48.0						5,000	100	90%	50
607		-	-	-	-		-		0%	40
608		-	-	-	6.3		-		4%	48
609	27.5	5,837	11,673	388.9	6.5		-		4%	8
610	21.7	2,528	5,056	233.4	1.8	4,348	1,600	1,500	100%	1,100
611	22	3,106	6,211	272.1	3.9	1,369	3,200	548	86%	20
612	16	2,104	4,209	235.7	0.3	1,556	2,000	700	30%	30
613			-				-		67%	20
614	56.3		-				305	364	0%	-
615		1,133	2,408				60	-	0%	-
616	32.9	4,056	8,113	246.8	4.0	1,340	1,750	3,971	50%	500
617	13.6		-				-		70%	-
618	46.4	871	1,743		-		-		0%	-
619	97.0	1,245	2,490		1.1	94	1,500	382	12%	120
620		3,846	7,692	0	3.8		600	-	75%	-
621		3,634	7,268	-	5.4		750	-	100%	180
622	33.6	2,067	4,135	123.1	-	2,031	1,300	500	20%	200
623	13.3	1,921	4,289	288.2	-	512	8,022	748	84%	-
624	35	4,039	8,079	220.2	4.6	410	17,414	301	98%	-
625	17.7	2,532	5,064	293.5	4.5	369	4,445	1,283	100%	5
626		-	-	-	-		-		100%	750
627	21.3	3,846	5,869	348.6	2.4	1,510	2,500	290	80%	10
628	28.0	2,868	5,736	225.3	-	463	7,600	222	100%	25
629	22	3,798	7,596	342.9	-	850	1,519	2,059	88%	35
630	12.0	5,563	11,126	933.2	7.5	2,666	551	3,502	97%	10
631	11.9	2,517	5,206	398.6	3.2		3,080	269	100%	10
632	4.5	1,092	2,185	485.5	3.2	923	9,000	164	90%	4
633	28.0	3,041	6,480	168.9	3.5		1,800	389	40%	200
634	30.3	1,427	2,879	95.5	2.4		722	1,965	100%	-
635	37.8	1,648	3,295	87.1	2.5		280	1,643	100%	-
636	23.2	2,873	5,747	246.3	4.1	985	1,265	623	100%	31
637	17.8	1,870	3,740	210.7	3.5	1,748	1,944	755	95%	15
638	28	4,194	8,389	307.0	3.9	614	2,276	491	95%	25
639	10.3	1,616	4,591	253.2	4.1	1,187	150	6,267	100%	-
640	23.0	5,134	10,268	446.4	6.8	2,344	5,000	300	100%	-
641	18	4,014	7,517	433.2	6.8	1,097	268	4,157	100%	200
642		2,661	5,321	-	-	-	16,470	-		2,052
643	28.0	3,074	6,147	225.1	-	495	750	1,426	90%	-
644	35	4,192	8,384	238.4	4.2	2,304	4,080	2,264	74%	3,405
645	39	2,962	5,900	149.8	-		571	1,217	80%	320
646		1,850	3,700	-	-	-	2,400	-	85%	5
647	32	2,549	5,099	133.9	3.9	937	311	1,447	53%	4
648	32	4,375	8,750	275.0	6.3	688	500	440	90%	-
649	23	2,544	5,133	225.3	-	628	200	3,515	100%	-
Sum	1,074	119,303	238,924	9,379.0	110.3	33,453	132,996	46,750	3446%	9,849
Count	39	40	40	33	27	27	100	36	48	84
2006 Av.	27.5	2,983	5,973	284	4.1	1,239	1,330	1,299	72%	117
2003 Av.	31.4	4,062		267	3.9	1,410	2260	1,412	80%	104
	30	34		26	20	24	75.0	26	40	88

APPENDIX B, DISTRIBUTION AND IMPORT/EXPORT WAREHOUSES

Survey No.	EBITDA %	Gross Cu. Ft.	Type - Space Allocation				# of Turns	No. of Customers	Per Month	
			Commod. Store	Prod.	Dist	Import/Export			Cases Shipped	Cases Received
601	0.0%	7,016,000					15.0	400	925,000	925,000
603	40.5%	3,645,896	0%	0%	100%	0%	19.5	-	496,201	496,201
604	34.8%	16,832,145	0%	0%	100%	0%	5.4	538	1,632,958	1,531,819
606	20.0%	2,355,000	43%	0%	0%	57%	6.1	240	250,000	250,000
607	28.2%	1,660,000	0%	0%	11%	89%		20	-	-
608	-27.1%	1,140,000	0%	0%	0%	100%		21	-	-
609	39.7%	6,120,000	0%	0%	0%	100%	12.0	14	883,300	734,470
610	14.2%	5,689,770	9%	0%	25%	66%	10.1	100	1,200,000	1,200,000
611	10.8%	5,996,180	0%	8%	83%	8%	8.7	60	900,000	852,500
613	28.4%	3,191,760	13%	0%	87%	0%	6.7	19	-	-
616	29.1%	13,613,254	25%	0%	0%	75%	24.0	97	3,473,037	3,475,750
617	0.0%	14,097,700	0%	0%	99%	0%	-	-	2,951,941	2,915,051
618	0.0%	3,082,690	0%	0%	39%	61%	10.3	36	440,000	440,000
620	0.0%	2,900,000	97%	0%	2%	0%	10.0	30	-	-
621	37.8%	3,000,000	0%	0%	85%	15%	5.1	23	-	-
623	21.5%	19,463,745	0%	0%	100%	0%	8.3	76	3,000,000	3,000,000
624	44.1%	19,510,000	22%	0%	66%	9%	10.2	181	2,750,000	2,500,000
625	24.8%	12,129,319	0%	0%	100%	0%	13.5	-	2,782,438	2,922,580
626	36.2%	7,221,000	96%	0%	0%	4%	8.1	130	-	-
629	33.1%	9,875,641	61%	3%	36%	0%	6.5	117	1,600,395	1,527,234
630	61.6%	5,221,440	0%	100%	0%	0%	6.6	7	956,152	973,710
631	28.9%	2,005,880	0%	0%	100%	0%	6.1	13	441,000	388,080
632	21.9%	2,157,564	10%	0%	80%	10%	7.3	106	738,000	738,000
633	24.7%	3,172,708	85%	0%	0%	0%	17.1	10	450,000	250,000
634	26.2%	6,163,906	0%	0%	55%	45%	12.7	2	699,212	719,390
635	24.4%	2,729,951	0%	0%	100%	0%	7.3	3	230,000	230,000
637	29.4%	7,091,980	5%	15%	68%	12%	5.0	38	734,096	734,096
638	22.7%	6,375,000	20%	0%	30%	40%	5.6	208	546,114	571,300
639	25.3%	6,294,975	0%	0%	0%	0%	5.3	25	580,000	360,000
641	29.9%	2,010,450	25%	0%	1%	75%	7.0	33	572,958	541,166
642		71,000,000	3%	10%	86%	0%	20.4	1,206	-	-
643	27.4%	3,440,354	20%	26%	9%	10%	12.1	81	521,761	548,095
644	46.0%	42,987,166	0%	52%	47%	1%	9.3	822	4,596,263	4,639,005
645	28.0%	2,604,000	91%	0%	0%	9%	11.7	6	350,000	345,000
646	33.3%	8,010,000	0%	68%	0%	20%	7.2	197	-	-
648	20.9%	2,183,000	0%	0%	73%	0%	12.5	12	110,000	110,000
649	30.1%	3,500,000	0%	17%	83%	0%	5.5	60	352,529	350,436
Sum	896.8%	335,488,474	623%	299%	1665%	807%	338.1	4,931	35,163,355	34,268,883
Count	32	76	35	35	35	35	34	73	55	55
2006 Av.	28.0%	4,414,322	17.8%	8.5%	47.6%	23.0%	9.9	68	639,334	623,071
2003 Av.	26.4%	3,937,052	35.0%	10.0%	41.0%	14.0%	8.2	71	407,427	415,151

Survey No.	Per Month		# Employees			Direct per Supv.	Lbs. Shipped per Mo.	Lbs. Shipped Per Direct Employee/Mo	Lbs. In & Out Per Typical Month
	Units Shipped	Units Received	Direct	Total	# of Supv.				
601	-	-	69	99	12	5.8	13,600,000	197,101	
603	-	-	19	37	5	3.6	14,639,911	770,116	29,279,822
604	-	-	93	134	4	23.3	38,295,481	411,779	77,855,205
606	7,000	7,000	22	42	6	3.7	12,000,000	545,455	24,000,000
607	-	-	24	33	4	6.0	-	-	-
608	6,500	6,000	12	20	4	3.0	12,000,000	1,000,000	24,000,000
609	14,721	12,140	22	53	4	5.5	24,280,000	1,103,636	48,560,000
610	9,000	9,000	58	92	6	9.7	26,000,000	448,276	52,000,000
611	12,100	13,000	27	53	3	9.0	20,000,000	740,741	40,000,000
613	-	-	30	34	2	15.0	14,000,000	466,667	28,000,000
616	56,860	57,114	141	226	15	9.4	114,229,000	810,135	228,458,000
617	48,103	48,118	72	118	8	9.0	40,103,332	556,991	80,206,664
618	-	-	147	175	-		20,395,870	138,747	40,791,740
620	4,000	4,000	6	12	1	6.0	8,000,000	1,333,333	16,000,000
621	8,000	8,000	16	25	2	8.0	10,800,000	675,000	21,600,000
623	-	-	187	250	20	9.4	40,000,000	213,904	89,305,830
624	59,000	50,000	150	192	12	12.5	96,300,000	642,000	192,600,000
625	42,372	44,506	108	146	14	7.7	49,220,000	455,741	98,440,000
626	-	-	26	59	6	4.3	-	-	-
629	-	-	40	75	16	2.5	34,638,467	865,962	69,276,934
630	7,747	7,846	13	15	-		11,504,732	884,979	23,009,464
631	3,500	3,080	16	23	3	5.3	5,236,000	327,250	10,829,000
632	4,800	4,800	24	35	3	8.0	3,321,000	138,375	6,642,000
633	9,000	5,500	48	58	3	16.0	12,600,000	262,500	26,853,970
634	17,480	17,984	78	109	8	9.8	21,188,521	271,648	42,761,840
635	6,500	6,500	35	53	9	3.9	8,700,000	248,571	17,400,000
637	12,200	12,200	30	40	2	15.0	13,031,258	434,375	26,062,516
638	11,389	2,757	21	40	8	2.6	15,267,259	727,012	30,534,518
639	9,546	5,674	21	36	4	5.3	6,000,000	285,714	17,041,200
641	8,738	8,844	15	22	2	7.5	10,324,400	688,293	19,333,985
642	-	-	735	949	53	13.9	133,556,697	181,710	267,113,394
643	-	-	26	38	3	8.7	14,605,951	561,767	29,211,902
644	80,435	81,183	172	239	9	19.1	162,365,186	943,984	324,730,372
645	-	-	25	38	2	12.5	13,744,000	549,760	27,377,140
646	-	-	72	107	2	36.0	23,757,000	329,958	47,514,000
648	2,500	2,500	4	7	1	4.0	3,500,000	875,000	7,000,000
649	-	-	12	21	4	3.0	7,936,006	661,334	16,014,405
Sum	441,491	417,746	2,616	3,704	260	323.7	1,055,140,071	19,747,815	2,099,803,901
Count	36	36	76	76	74	35	74	35	73
2006 Av.	12,264	11,604	34.4	48.7	4	9.2	14,258,650	564,223	28,764,437
2003 Av.	8,707	7,337	25.0	37.0	4	8.6	12,339,159		24,678,318

Survey No.	Avg. Hours per Week			Age bldg.	Aisle Width	# of Truck Doors	Revenue per Cu.Ft.	Revenue per Case	Revenue per Unit	Revenue per Direct Employee	Revenue per Employee
	Total Direct	Receiv.	Select.								
601	-	-	-	30	11.0	35	\$ -	\$ -		\$ -	\$ -
603	782	255	204	43	10.5	90	\$ 1.91	\$ 0.58		\$ 365,977	\$ 187,779
604	3,667	3,667	-	10	10.5	95	\$ 1.08	\$ 0.48		\$ 195,586	\$ 135,743
606	-	-	-	35	10.0	24	\$ 1.98	\$ 0.78	27.71	\$ 211,591	\$ 110,833
607	960	480	-	19	10.0	16				\$ 168,955	\$ 124,767
608	500	250	-	28	12.0	12	\$ 1.86		14.16	\$ 177,048	\$ 108,953
609	1,040	480	-	3	18.0	24	\$ 1.30	\$ 0.41	24.62	\$ 360,762	\$ 149,750
610	2,571	161	138	12	10.0	52	\$ 1.40	\$ 0.28	36.88	\$ 137,362	\$ 86,598
611	1,610	200	320	34	10.0	21	\$ 1.15	\$ 0.33	22.83	\$ 254,650	\$ 129,727
613	-	-	-	5	10.0	20	\$ 0.97			\$ 103,344	\$ 91,186
616	7,040	864	1,296	19	10.0	67	\$ 1.31	\$ 0.21	13.07	\$ 126,780	\$ 79,097
617	-	-	-	2	10.0	48	\$ -		-	\$ -	\$ -
618	5,852	924	-	33	8.9	13	\$ -			\$ -	\$ -
620	520	80	-	25	12.0	10			-	\$ -	\$ -
621	743	743	-	7	9.7	23	\$ 1.27		19.87	\$ 238,436	\$ 152,599
623	5,205	1,355	2,927	104	12.0	63	\$ 1.11	\$ 0.30		\$ 115,354	\$ 86,285
624	5,960	760	3,200	10	12.0	110	\$ 1.37	\$ 0.42	20.43	\$ 178,116	\$ 139,153
625	4,860	-	3,870	9	10.6	58	\$ 2.52	\$ 0.45	29.27	\$ 282,523	\$ 208,990
626	1,200	460	-	17	10.0	43	\$ 0.97			\$ 270,339	\$ 119,132
629	2,280	360	920	25	12.0	61	\$ 0.70	\$ 0.19		\$ 173,994	\$ 92,797
630	517	93	181	15	10.0	22	\$ 0.79	\$ 0.18	22.05	\$ 317,390	\$ 275,071
631	520	480	-	15	12.0	11	\$ 1.24	\$ 0.25	31.50	\$ 155,450	\$ 108,139
632	760	120	400	20	12.0	14	\$ 1.08	\$ 0.13	20.23	\$ 97,115	\$ 66,593
633	1,036	240	-	9	12.2	16	\$ 1.62	\$ 0.61	29.51	\$ 106,957	\$ 88,516
634	3,713	1,286	-	14	12.0	27	\$ 1.40	\$ 0.51	20.32	\$ 110,853	\$ 79,326
635	1,320	400	-	18	12.5	13	\$ 1.55	\$ 0.77	27.13	\$ 120,901	\$ 79,840
637	1,742	225	210	20	12.0	24	\$ 0.52	\$ 0.21	12.70	\$ 123,905	\$ 92,929
638	910	136	455	17	12.0	27	\$ 1.90	\$ 0.90	71.28	\$ 576,190	\$ 302,500
639	928	200	198	30	-	44	\$ 0.66	\$ 0.37	22.66	\$ 197,087	\$ 114,968
641	643	135	254	41	10.2	10	\$ 0.88	\$ 0.13	8.37	\$ 117,792	\$ 80,313
642	12,549	2,260	4,427	-	-	48	\$ 0.54			\$ 52,199	\$ 40,428
643	1,188	264	540	38	12.0	22	\$ 1.27	\$ 0.34		\$ 167,450	\$ 114,571
644	9,683	2,063	1,002	22	11.7	100	\$ 0.76	\$ 0.29	16.83	\$ 189,716	\$ 136,532
645	1,160	80	-	13	12.0	9	\$ 1.44	\$ 0.45		\$ 149,522	\$ 98,370
646	3,210	560	1,120	27	10.0	34	\$ 1.74			\$ 194,032	\$ 130,564
648	200	20	80	40	9.0	8	\$ 0.40	\$ 0.33	14.56	\$ 218,458	\$ 124,833
649	780	160	280	18	9.6	11	\$ 1.00	\$ 0.41		\$ 291,632	\$ 166,647
Sum	85,649	19,761	22,022	827	388.3	1,325	\$ 39.69	\$ 10.31	\$ 505.97	6,547,465	4,103,528
Count	71	70	51	36	35	76	32	26	21	33	33
2006 Av.	1,206	282	432	23	11.1	17.4	\$ 1.24	\$ 0.40	\$ 24.09	\$ 198,408	\$ 124,349
2003 Av.	1,026	254	292	23	10.8	18.0	\$ 1.06	\$ 0.61	\$ 94.50	\$ 204,551	\$ 131,154

Survey No.	Lbs. per Case Shipped	Pounds Shipped Per D. Hour	Pounds In & Out per D. Hour	Throughput			Customer orders per month	Cases Per Order	Percent Racked	No. of Failcars Per Yr
				Cases per Hour	Units per Hour	Case/ Selec/Hr				
601	15						1,400	1,321	100%	-
603	30	4,680	9,361	317.3	-	1,216	4,100	242	100%	-
604	23.5	2,611	5,308	215.8	-		14,263	222	94%	325
606	48.0						5,000	100	90%	50
607		-	-	-	-		-	-	0%	40
608		-		-	6.3		-	-	4%	48
609	27.5	5,837	11,673	388.9	6.5		-	-	4%	8
610	21.7	2,528	5,056	233.4	1.8	4,348	1,600	1,500	100%	1,100
611	22	3,106	6,211	272.1	3.9	1,369	3,200	548	86%	20
613			-				-	-	67%	20
616	32.9	4,056	8,113	246.8	4.0	1,340	1,750	3,971	50%	500
617	13.6		-				-	-	70%	-
618	46.4	871	1,743		-		-	-	0%	-
620		3,846	7,692	0	3.8		600	-	75%	-
621		3,634	7,268	-	5.4		750	-	100%	180
623	13.3	1,921	4,289	288.2	-	512	8,022	748	84%	-
624	35	4,039	8,079	220.2	4.6	410	17,414	301	98%	-
625	17.7	2,532	5,064	293.5	4.5	369	4,445	1,283	100%	5
626		-	-	-	-		-	-	100%	750
629	22	3,798	7,596	342.9	-	850	1,519	2,059	88%	35
630	12.0	5,563	11,126	933.2	7.5	2,666	551	3,502	97%	10
631	11.9	2,517	5,206	398.6	3.2		3,080	269	100%	10
632	4.5	1,092	2,185	485.5	3.2	923	9,000	164	90%	4
633	28.0	3,041	6,480	168.9	3.5		1,800	389	40%	200
634	30.3	1,427	2,879	95.5	2.4		722	1,965	100%	-
635	37.8	1,648	3,295	87.1	2.5		280	1,643	100%	-
637	17.8	1,870	3,740	210.7	3.5	1,748	1,944	755	95%	15
638	28	4,194	8,389	307.0	3.9	614	2,276	491	95%	25
639	10.3	1,616	4,591	253.2	4.1	1,187	150	6,267	100%	-
641	18	4,014	7,517	433.2	6.8	1,097	268	4,157	100%	200
642		2,661	5,321	-	-	-	16,470	-		2,052
643	28.0	3,074	6,147	225.1	-	495	750	1,426	90%	-
644	35	4,192	8,384	238.4	4.2	2,304	4,080	2,264	74%	3,405
645	39	2,962	5,900	149.8	-		571	1,217	80%	320
646		1,850	3,700	-	-	-	2,400	-	85%	5
648	32	4,375	8,750	275.0	6.3	688	500	440	90%	-
649	23	2,544	5,133	225.3	-	628	200	3,515	100%	-
Sum	723	92,100	186,198	7,306	92	22,763	109,105	40,760	28	9,327
Count	29	30	30	25	21	18	68	26	36	76
2006 Av.	24.9	3,070	6,207	292	4.4	1,265	1,604	1,568	79%	123
2003 Av.	31.4	4062		267	3.9	1,410	2,260	1,412	80%	104

APPENDIX C, COMMODITY WAREHOUSES

Survey No.	EBITDA %	Gross Cu. Ft.	Type - Space Allocation				Per Month			
			Commod. Store	Prod.	Dist	Import/Other	# of Turns	No. of Customer	Cases Shipped	Cases Received
602	22.9%	1,701,000	64%	0%	27%	9%	2.3	-	-	-
605	33.1%	7,745,100	75%	0%	13%	0%	6.5	130	942,700	916,625
612	32.8%	4,250,000	98%	2%	0%	0%	6.0	70	800,000	600,000
614	16.9%	3,130,400	61%	21%	4%	0%	2.9	90	53,309	57,650
615	10.8%	1,373,780	91%	0%	0%	0%	5.4	16	-	-
619	29.8%	23,614,000	78%	2%	12%	0%	4.0	130	265,000	308,400
622	35.5%	4,500,000	100%	0%	0%	0%	4.5	-	325,000	325,000
627	23.3%	2,531,000	20%	32%	43%	5%	1.9	79	375,000	350,000
628	26.9%	8,510,000	13%	40%	47%	0%	4.6	-	769,000	920,000
636	37.4%	3,507,159	100%	0%	0%	0%	7.6	63	396,832	391,264
640	37.9%	8,000,000	57%	14%	29%	0%	4.8	75	750,000	750,000
647	59.8%	6,651,794	80%	0%	11%	1%	2.5	16	270,362	179,541
Sum	367%	75,514,233	836%	111%	186%	16%	53.0	669	4,947,203	4,798,480
Count	12	32	12	12	12	12	12	29	30	30
2006 Av.	30.6%	2,359,820	70%	9%	15%	1%	4.4	23	164,907	159,949
2003 Av.	21.7%	3,281,913	56%	1%	39%	4%	3.2	109	225,120	290,802

Survey No.	Per Month		No. Employees		# of Supv.	Direct per Supv.	Lbs. Shipped per Mo.	Lbs Shipped per Direct Employee/Mo	Lbs In & Out Per Typical Month
	Units Shipped	Units Received	Direct	Total					
	602	-	-	4	6	-		1,750,000	437,500
605	-	-	37	59	3	12.3	20,022,319	541,144	40,044,638
612	500	1,200	26	44	3	8.7	12,500,000	480,769	25,000,000
614	1,055	-	16	91	3	5.33	3,003,000	187,688	6,006,000
615	-	-	2	4	1	2.0	2,116,200	1,058,100	4,232,400
619	13,250	-	122	170	7	17.43	25,700,000	210,656	51,400,000
622	-	-	20	57	2	10.0	10,916,000	545,800	21,832,000
627	1,000	-	13	26	3	4.33	8,000,000	615,385	16,000,000
628	-	-	43	70	6	7.2	21,500,000	500,000	43,000,000
636	6,661	6,568	25	33	1	25.0	9,194,710	367,788	18,389,420
640	11,500	11,500	21	32	4	5.3	17,250,000	821,429	34,500,000
647	7,790	-	21	31	3	7.00	8,566,029	407,906	17,132,058
Sum	41,756	19,268	350	623	36	104.51	140,518,258	6,174,164	281,036,516
Count	25	6	32	32	31	11.00	32	12	32
2006 Av.	1,670	3,211	11	19	1	9.5	4,391,196	514,514	8,782,391
2003 Av.	3,092	6,448	11	16	1	6.9	6,617,244		

Survey No.	Avg. Hours per Week			Age of main bldg.	Aisle Width	No. of Truck Doors	Revenue per Cu.Ft.	Revenue per Case	Revenue per Unit	Revenue per Direct Employee	Revenue per Employee
	Total Direct	Total Receiv.	Total Select.								
602	-	-	-	15	14.0	13	\$ 0.77			\$ 329,144	\$ 219,429
605	1,480	269	604	20	10.0	55	\$ 2.15	\$ 0.74		\$ 449,217	\$ 281,712
612	1,485	270	225	-	10.0	35	\$ 1.48	\$ 0.38	308.96	\$ 242,412	\$ 143,244
614	-	-	-	50	12.0	7	\$ 1.79	\$ 4.22	443.52	\$ 350,937	\$ 61,703
615	-	-	-	75	14.0	7	\$ 0.43			\$ 296,532	\$ 148,266
619	5,160	800	1,520	37	12.0	37	\$ 0.76	\$ 2.62	113.23	\$ 147,566	\$ 105,900
622	1,320	320	80	20	10.0	40	\$ 2.14	\$ 1.23		\$ 480,503	\$ 170,090
627	520	200	120	28	9.6	20	\$ 1.36	\$ 0.40	287.87	\$ 265,728	\$ 132,864
628	1,874	300	912	6	10.0	42	\$ 0.98	\$ 0.41		\$ 194,338	\$ 119,379
636	800	80	200	9	10.0	22	\$ 0.91	\$ 0.34	20.12	\$ 127,755	\$ 96,784
640	840	80	160	5	-	37	\$ 0.60	\$ 0.27	17.40	\$ 228,720	\$ 150,098
647	840	240	120	17	12.0	36	\$ 0.61	\$ 0.75	43.21	\$ 192,365	\$ 130,312
Sum	14,319	2,559	3,941	282	123.6	351	\$ 13.99	\$ 11.35	1,234.31	\$ 3,305,216	\$ 1,759,780
Count	29	29	29	11	11	32	12	10	7.00	12	12
2006 Av.	494	88	136	26	11.2	11	\$ 1.17	\$ 1.13	\$ 176.33	\$ 275,435	\$ 146,648
2003 Av.	440	112	166	38	11.2	13	\$ 0.89	\$ 0.48	26.12	\$ 194,883	\$ 131,253

Survey No.	Lbs per Case Shipped	Pounds Shipped per D. Hour	Pounds In & Out per D. Hour	Throughput			Customer orders per month	Cases Per Order	- Percent Racked	No. of Railcars Per Yr
				Cases per Hour	Units per Hour	Case/ Selec/Hr				
602							450	-	50%	2
605	21	3,382	6,764.3	314.1	-	770	1,600	1,162	55%	100
612	16	2,104	4,208.8	235.7	0.3	1,556	2,000	700	30%	30
614	56.3						305	364	0%	-
615							60	-	0%	-
619	97.0	1,245	2,490.3	27.8	0.6	94	1,500	382	12%	120
622	33.6	2,067	4,134.8	123.1	-	2,031	1,300	500	20%	200
627	21.3	3,846	7,692.3	348.6	0.5	1,510	2,500	290	80%	10
628	28.0	2,868	5,736.4	225.3	-	463	7,600	222	100%	25
636	23.2	2,873	5,746.7	246.3	4.1	985	1,265	623	100%	31
640	23.0	5,134	10,267.9	446.4	6.8	2,344	5,000	300	100%	-
647	32	2,549	5,098.8	133.9	2.3	937	311	1,447	53%	4
Sum	350.9	26,070	52,140	2,101	14.7	10,690	23,891	5,990	600%	522
Count	10	9	9	9	6	9	32	10	12	9
2006 Av.	35.1	2,897	5,793	233	2	1,188	747	599	50%	58
2003 Av.	34.6	3,419		297	6	783	1,015	1,107	49%	81