

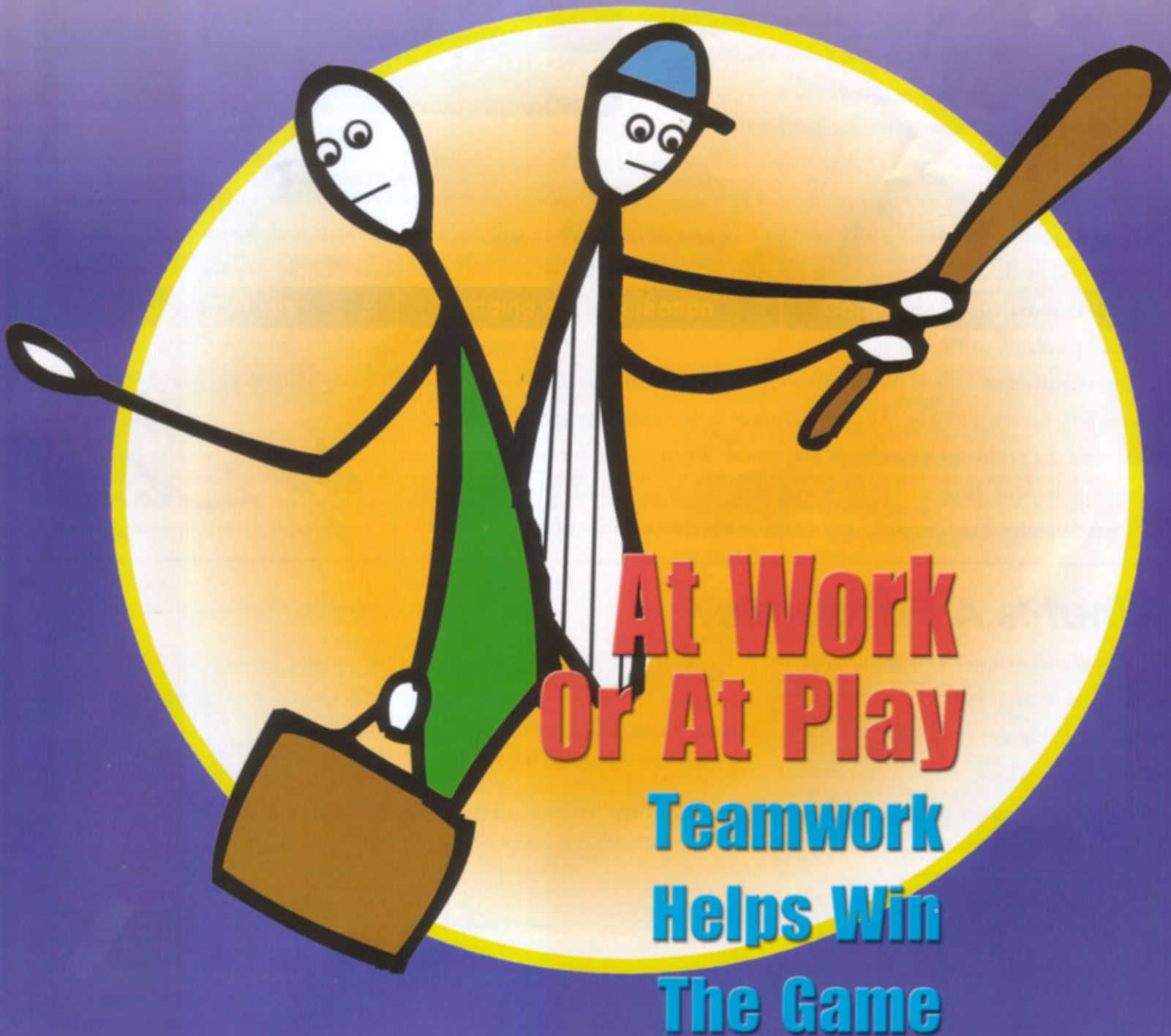
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Alex Lee ink



A MAGAZINE FOR ALEX LEE EMPLOYEES

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**At Work
Or At Play**

**Teamwork
Helps Win
The Game**

MDI Adds Space Without Adding On

Over the past few years MDI has sustained significant growth in the grocery department. We have added new lines of product to serve our new customers as well as added variety to the lines we provide to existing customers. For example, we have added specialty and natural foods to the warehouse rather than delivering these products directly to the store. This venture has helped increase sales in these categories because independent retailers who did not have the opportunity to carry these items can now order and receive them from MDI.

With opportunity, however, comes a cost. The grocery department started to see a pinch in item slots. It got to the point we needed to pull an item before we could slot a new item. We knew we had to do something. About a year ago, we started working with a Canadian consulting company, KOM International. This company had extensive experience working with grocery retailers on re-slotting and re-racking facilities to make the most of what they have.

Here is the plan that we have devised with this company's help:

We will tear down double-deep rack from aisles 53 thru 58 and erect new single rack in its place. This will give us an additional three aisles in the warehouse. The re-slot consists of moving fast movers to the front of the warehouse, closer to the dock, and slow movers to the rear of the building. This creates more efficient pick and put-away lanes. The slow section in the rear of the building will be transformed to two-level pick, thereby creating more pick slots in this area. The final re-slot takes into consideration selecting without labels. This will create a friendly pick pattern for the selectors and reduce issues with stacking. All items will also be slotted by family group to create a better pallet at the store level. We will also be changing the pick sequence from a "U" pick to a "Z"



pick, which more favorably matches our pick density and will also create a better flow for the selector. We will "trade out" two aisles in the cigarette cage to keep the aisle numbering in sequence on the floor.

Our goals for the near future (three years) are to create pick slots to handle projected future growth without adding square footage, and to create a favorable pick pattern that increases productivity, allowing for sales growth without adding personnel.

As this project is completed, we will be able to carry a variety of product to help our retailers be successful. We also will become more productive and able to absorb future growth at minimal cost.

Guest Contributor KENNY YUN