

Seasonal Overflow Program

Maximum short-term capacity & flexibility in a variable-cost environment

Value Proposition:

Kuehne + Nagel's integrated North American network of facilities delivers maximum short-term capacity and flexibility while ensuring the strictest quality control standards – in a variable-cost environment – allowing customers to drive aggressive same-store sales plans.

Program Components:

- **Typical Project Length:**
 - Projects are typically 3-6 month engagements, i.e., January through May for Spring / Summer, and July through December for Fall / Winter / Christmas.
- **Locations:**
 - Initial approach would be to use current Kuehne + Nagel DCs.
 - Depending on desired locations and scope, Kuehne + Nagel could negotiate short-term leases that run concurrent with project requirements. Lease term typically would be three months, with month-to-month renewal options, thereafter.
 - At times, Kuehne + Nagel has been able to reduce space obligation by negotiating front-end relief during inventory build up
- **Cost:**
 - Kuehne + Nagel DC costs are variable – storage & handling are billed as incurred.
 - At an outside facility, managed by Kuehne + Nagel, handling costs are variable, while storage is based on a minimum.
- **Performance:**
 - KPI metrics are mutually agreed to and SOPs are written
 - Operation would be able to handle an assortment of products, including oversized items, with a high-velocity retail focus.
 - Direct to customer's stores or DC shipping

Kuehne + Nagel's unique capabilities:

- North American network of facilities, all on one integrated system
- Flexibility to add short-term distribution capacity with minimal advance notice
- High-velocity abilities with virtually no product limitations
- Locations close to customer's distribution centers for DC or direct-to-store shipping
- Ability to manage ad or blitz merchandise and in-store sales dates
- Internet-enabled inventory visibility by SKU regardless of Kuehne + Nagel facility
- Consistent processes across entire network, ensuring KPIs are maintained
- Written standard operating procedures (SOPs)

Benefits to Customer:

- Avoid lease commitments and capital expenditure
- Avoid demurrage issues
- Reduce stock-outs
- Maintain customer's DC productivity & efficiency
- Shipping & inventory accuracy
- One contact point cuts administrative time
- Allows for larger purchases, capitalizing on forward buy opportunities or economies related to order size
- Ability to demonstrate community involvement

<http://usco.kuehne-nagel.com>

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