

Email from Regional Manager

Hello Team,

I wanted to provide an update on where we are as we head into the fourth week of Period 9. In the last few weeks, we've had significant wins and some familiar hurdles. I think there are a few key skills we can learn from this period as we go forward:

- Understanding that we need to plan around large national events like the Maturia Bowl
- Collaborating with the other roles in the warehouse before making large, last-minute sales
- Increasing the tool adoption and selling practices among our teams

I want to say that our employee experience is improving week over week—let's continue to coach effectively and cut down attrition. Unfortunately, we're still working to improve labor dollars and staff with better planning. For example, Merch cost is high because we didn't have a contingency plan when things went wrong, and we had to pay overtime due to headcount limitations. Fortunately, warehouse labor cost has been meeting plan for the last couple weeks because of the new process improvements and automation tools, however we're also a bit overstaffed on the sales front. Separately, as many of you know, in the last few weeks we had a truck break down as well as a significant employee injury. Because of this, we're down on some of our customer service metrics, including ADAS, AMAS, ASAS, and Warehouse Management. However, we have an opportunity not only to bring those numbers up but also to increase our profitability. One way to do that is through a large hospital that has reached out and shown interest in working with us. We'll want to provide them with outstanding service without sacrificing marginal contribution or warehouse efficiency.

There are also a few market trends that have been communicated from Corporate that I want to pass along:

- Continuing to take advantage of opportunities in larger institutions
- An increasing societal focus on health and wellness and how this affects our value proposition
- A desire across both our customer segments and our employees for more personalized interactions

Also, as a final note, we're doing great on volume, but I don't want the warehouse to over-rotate our focus to simply hitting our volume numbers. We need to make sure that we're also pushing our high-margin seasonal products and looking toward the overall growth of the company.

Period 9 Trends

Key Metrics versus Plan

Variance (PTD)	
Volume	3%
Revenue	0%
MC	-3%
NBPT	-2%

Volume versus Plan

	Variance (Period 9)		
	Week 1	Week 2	Week 3
Large Format	1%	4%	4%
Small Format	-3%	-1%	-1%
Food Services	0%	2%	1%

Labor Cost versus Plan

	Variance (Period 9)		
	Week 1	Week 2	Week 3
SDL	2%	2%	2%
Merch	4%	4%	4%
Delivery	1%	-2%	-1%
Warehouse	0%	1%	0%