

Pre-Kitting Emerges as Top Cost-Saver for Vending Operations

Streamware Customers Cut / Eliminate 1 in 4 Routes

Pre-kitting has emerged as the most effective model for cutting costs and boosting profitability in the vending industry. Streamware pre-kitting customers have consolidated one out of every four trucks, leading to a **\$70,000 savings per truck per year**. For an eight-route operator, that's a \$140,000 savings. A 20-route operator can take five trucks off road for a \$350,000 annual savings. Here's why:

TIME REDUCTION = COST REDUCTION

Drivers make one trip to the machines and don't need to pull product from the back of the truck or shop product when they return to warehouse. This equates to 30% of their daily work time and translates into a 1 in 4 truck consolidation.

GREATER INVENTORY DIVERSITY

When trucks become delivery vehicles not rolling warehouses, inventory is not limited by the size of the truck. With the advent of ever-growing multiples of product sizes and varieties, operators can meet customer demand without breaking the bank—or the truck!

LESS TRUCK WEAR AND TEAR—AND LOWER FUEL COSTS!

Just load what is needed for the day. Trucks come home virtually empty, cost less to fuel, and less to maintain.

TO LEARN HOW PRE-KITTING CAN REDUCE YOUR COSTS AND IMPROVE PROFITABILITY

Call (800) 4-STREAM

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The Old Vending Route Model vs. The Emerging Model with Pre-Kitting

The old vending route model has been with us for decades. It's time consuming, costly, and more often than not based on driver guesswork and hunches rather than item-level (or even category-level) tracking. The new model, pioneered by Streamware, takes full advantage of the latest technology to save time, improve product accuracy, and save money.

	OLD VENDING MODEL	NEW MODEL WITH PRE-KITTING
Lower wage employee stocks the product?	NO Driver sets up the delivery	YES Pre-kitters are paid less than drivers
Route truck stocked	Overstocked by 100%+	Stocked just right
Pre-visit machines?	YES	NO
Return to truck to pick product?	YES	NO
Number of trips to the machine	2	1
Number of machines per day	18-25	35+
Trucks return mostly empty?	NO	YES
Employee turnover	Less than \$40k for 12 hour days HIGH TURNOVER	More than \$40k for 10 hour days LOWER TURNOVER
Revenue/route/week	\$6,500	\$9,500
Driver shops for product in warehouse	YES	NO Saves 30-60 minutes per driver per day

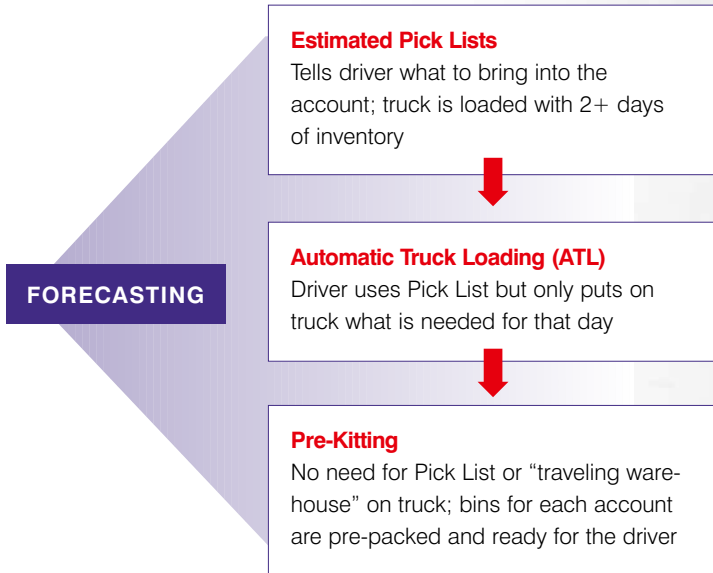
It's certainly possible for a driver to service 35+ machines in a day without pre-kitting.

It's also possible to net \$9,500 per route per week. But to achieve those results drivers are working overtime and profitability suffers.

IT ALL STARTS WITH FORECASTING

Any operator using VendMAX to track at the product specific item level can move towards the pre-kitting model. Once the software builds up a sales history, you can begin forecasting, which is the precondition for pre-kitting. Operators often take a “slow as you go” approach, starting with the most basic enhancement, gaining confidence in the process, and steadily moving into pre-kitting.

THE VENDMAX FORECASTING COMPONENTS ARE:



A DAY IN THE LIFE OF A PRE-KITTING OPERATION

Pre-kitting makes everyone’s life easier and your business more successful.

1. Drivers come in and their trucks are already loaded; the bins were packed and placed on the truck during business hours the day before.
2. Upon arrival at each location, drivers take the bins out, service each machine, and pull the money. No need to visit the machine first—everything that’s required is in the bin. That time savings allows drivers to service 20-30% more machines, on average, than they could without pre-kitting.
3. Drivers return to the warehouse with minimal inventory on the truck.
4. Pre-kitters or warehouse staff—not the drivers—load the trucks with bins that were packed earlier.
5. After drivers sync the handhelds, they use the VendMAX Pre-Kit report to print out load sheets for the pre-kitters.
6. Pre-kitters pack bins for the next day’s services.

Description: Vending POS
Code: AIN03
Category: Snack
Location: American International
Balance: \$0.00

Vending Point of Sale: Pre-Kit
Schedule Type: Scheduled
Info Vend Location Type: Plants/Factories

Lead Time (hours): 24
Permanent Adjustment: %
Temporary Adjustment: -20 %
Service Count: 3

Pre-kit Pick List

For 11/26/2003

Filters
Report Configuration: All POS
Show Zero Quantities: No
Sort By: Tray Number Descending
Level Of Detail: POS Detail
Route Code: 5
Route Description: Route: 5

Route: 5-Route: 5
Truck: 5-Truck: 5
Location: BAL-
Point Of Sale: BAL02-snack

Driver: Rooks, Johnathan
Customer: BAL-Big Alike Warehouse

Product Description	Substitute Product	Column	Estimated	Pred. Totals	ADS	Price
HRALM-Herrhey Almond Each (1)		E0	5	5	1.36	\$0.70
68680-Nestle's Carmel Crunch Each (1)		E9	5	5	1.00	\$0.70
44130-Renew Pea. But Cup Each (1)		E7	12	12	2.32	\$0.70
01103-3 Musketeers Each (1)		E5	3	3	0.71	\$0.70
015460-Creo Each (1)		D0	5	5	1.19	\$0.50
97-Nekot Each (1)		D8	14	14	2.29	\$0.50
076922-Salted Peanuts Each (1)		D7	11	11	1.61	\$0.50
191-Reduced Fat Toastcheese Each (1)		D6	10	10	1.09	\$0.50
33-Strokehouse Cheddar Cap Waffer Each (1)		D5	10	10	1.26	\$0.50
91-Toasty Each (1)		D2	7	7	1.56	\$0.50
89-Toastcheese Each (1)		D1	6	6	1.49	\$0.50
31732-Fop Tart Strawberry Each (1)		C9	8	8	2.04	\$0.65
12322-Cheese It Bag Bag Each (1)		C7	10	10	1.68	\$0.65
30649-TGIF CH.BAC. TATO SKIN Each (1)		C3	12	12	4.78	\$0.50
ACCHE-Andy Ched Fries Each (1)		C1	12	12	3.78	\$0.50
11099-Cheetos Each (1)		B7	12	12	2.46	\$0.50
11142-Dorito Nacho Each (1)		B1	8	8	1.64	\$0.50
14345-Macs Orig. Fork Sians Each (1)		A9	10	10	3.23	\$0.50
11665-Cheddar Sour Cream Each (1)		A7	3	3	0.59	\$0.50
6146-Bugles Nacho Cheese Each (1)		A5	10	10	1.67	\$0.50
11044-KC Master Bq Each (1)		A3	8	8	1.85	\$0.50
11045-Lays Regular Each (1)		A1	4	4	0.86	\$0.50

Case Study

Operator Sees Monumental Results With Pre Kitting

THE SITUATION

Monumental Vending (Beltsville, MD) was the first operator in the country to be completely item-level DEX and has always placed a high priority on technology to advance the business. Naturally, they were eager to jump into pre-kitting. About a year ago, the company rolled-out pre-kitting on one route and then on a second. Gradually, Monumental consolidated a third route into the first two.

THE STREAMWARE SOLUTION

Each day, pre-kitting runs like clockwork for Monumental:

- VendMAX creates order pick documents by forecasting machine sales
- The warehouse picks the orders, puts them in portable bins, and loads them on the truck
- Drivers take bins to the machines and service as needed. This saves the time to go count the machine, saves the pick time on the truck, and lets the truck return empty

RESULTS

President Craig Kushner said Monumental has enjoyed significant savings thanks to pre-kitting:

- Sold excess route trucks
- Saved on the operating expense of the trucks (maintenance, gas/oil, inventory)
- Eliminated wage costs for four drivers
- All told, avoided \$200,000 in capital expenses and \$200,000 in annual operating expenses

Today, the company pre-kits 15 routes and is doing the same volume of business that would have required 19 routes before pre-kitting. Monumental hopes to gain further efficiencies or savings through dynamic scheduling and improved merchandising.

To pre-kit the orders, Monumental had to add warehouse staff—lower-waged employees who were easy to recruit, train, and manage. There was no capital expense associated with these staff additions.

LESSONS LEARNED

In the year since he began pre-kitting, Craig has learned some valuable lessons:

- The project crosses all organizational boundaries, so it requires senior executive involvement and a strong IT leader
- Start by pre-kitting the routes with the salespeople who will create a positive buzz; this makes later routes want to do it
- There was no employee turnover related to the project; salespeople who left were not replaced and their territory was absorbed by other routes
- The first couple of routes will be learning experiences and the initial steps of the project will require significant management time and involvement



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