



A PRESCRIPTION FOR SUCCESS

CLIENT PROFILE:

Rite Aid, with \$25.5 billion in revenue and a 2014 EBITDA turnaround to \$1.325 billion or 5.4% of revenue, is a leading drugstore chain with a strong national footprint of 4,600 stores and 30 walk-in clinics in 31 states. Rite Aid's growth strategy includes acquisitions and partnerships, investing in their store base with a goal to complete an additional 1,600 stores by the end of fiscal year 2015, and other initiatives to drive operational efficiencies and ensure the highest levels of service for customers.

THE CHALLENGE:

Before working with Conveyco Technologies, Rite Aid's strategic plan included capitalizing on store growth and relocation to develop underpenetrated markets and enter markets with positive demographics. As a result, the Supply Chain leadership team was reevaluating the location and quality of its distribution centers.

Key objectives were to minimize capital expenditure on new equipment by leveraging existing infrastructure and repurposing existing conveyor systems, modernize operations and increase overall facility storage capacity, and design a project implementation plan with minimal negative impact on production or disruption of ongoing operations.

Conveyco Technologies' critical challenge in this project was the requirement to streamline and upgrade existing facilities without disruption to continuing operations, since the facility was tasked with absorbing additional volume to its current load as other facilities in the network were closed.

EXECUTIVE QUOTE

“Conveyco had our back when our system went down. One of their owners drove a critical part out to our DC during a snowstorm to get us back up and running. We made the right decision with Conveyco as our partner....”

-Douglas McQuade ~ Rite Aid



THE SOLUTION

During the **Discovery** phase, Conveyco engineers traveled to multiple sites to determine which existing assets could be integrated into the overall project plan. These assets were entered into an electronic database of every conveyor bed and storage medium.

In the **Analysis** phase, a “future state” concept was developed with a goal to maximize reuse of conveyor and storage equipment made available from the legacy operations. Various Rite Aid groups, including Inventory, Transportation and Operations, provided feedback which was utilized to determine which layouts would accomplish the objectives of the project with the least overall risk.

In the **Design** phase, Conveyco proposed a project plan that included a “phased” approach that was less intrusive to ongoing operations. Another benefit of this approach was it dispersed overall capital investment across several fiscal years.

During the **Implementation** phase, the project team met frequently to review which areas could be made available within the building and during what hours. This interactive dialogue between the internal and external groups proved to be highly valuable when implementing changes within the facility. Having the overall project team aligned operationally resulted in an on time and safe installation, with minimal disruption to ongoing operations.

KEY DELIVERABLES

- Increased facility capacity
 - Maximum reuse of existing assets
 - Changes implemented safely around ongoing operations
 - Phased project approach allowed to revamp Eastern distribution network and reduce fulfillment costs
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Good people. Great solutions.

CONVEYCO