



H-E-B and CSCS, a cls company, Win FMI/GMA Unsaleables Innovation Award

For Immediate Release

Charleston, SC- July 18, 2006- H-E-B and Carolina Supply Chain Services (CSCS), a cls company were one of the recipients of the Unsaleables Innovation Award presented by the Joint Industry Unsaleables Steering Committee at the 2006 Unsaleables Conference July 12-14 in Charleston, South Carolina. The annual conference sponsored by the Grocery Manufacturers of America, the Food Marketing Institute, the National Association of Chain Drug Stores, and the Consumer Healthcare Products Association focuses on “operational” and supply chain efforts to reduce damages in consumer packaged goods.

H-E-B and CSCS were presented with the award during the conference on Thursday, July 13. Entrants for the award submitted a document describing an innovative project that produced quantifiable improvements in unsaleables management within the manufacturing or retail environment.

The winning case study focused on a program developed in collaboration with H-E-B and CSCS. The program included initiatives at every point within the supply chain- including product packaging, warehouse distribution centers, retail stores and reclamation returns centers. This combination of policy, procedures, process and product changes created opportunities to reduce the overall unsaleables rate of return by over 50%.

“Our goal was to implement a program that focused on taking responsibility and being accountable- one touch point at a time, at every point within the supply chain”, said Ted Lechner, H-E-B. “Our commitment resulted in an unsaleables reduction of over 50%, confirming that if you do what is right, the proof will be in the bottom line results.”

Some of the significant changes implemented that contributed to the 50% reduction included:

- **Reclamation Center Single Scan PROCESS:** Streamlined the process, eliminated a touch point, captured damage reason codes, and controlled product disposition.
- **Store Level Accountability POLICY:** Changed the store reimbursement policy with the objective for the stores to examine handling, rotation, and stocking practices to eliminate damage.
- **Warehouse Level Unsaleables Recovery PROCEDURES:** Implemented program to allow only the damage unit to be removed from the case and tracked as unsaleables with the objective to improve the warehouse process and drive their overall damage numbers down.
- **Private Label PRODUCT Packaging Initiatives:** Utilized a packaging engineer to measure private label product against best-in-class packaging and determine opportunities to improve poor package performers.

“CSCS/CLS is honored to receive the Unsaleables Innovation Award with H-E-B,” said Mark Doughton, CSCS/CLS’ President. “H-E-B is an excellent partner to work with in developing innovative solutions to improve overall supply chain efficiency.



About CSCS/CLS

CSCS, a CLS company, is an industry leader in providing technology-driven reverse logistics and supply chain solutions to the consumer goods and healthcare markets. By combining excellent execution with information intelligence, our solutions provide the foundation for collaboration between our clients and their trading partners to improve the overall supply chain.

Our solutions include: • Returns Management • Asset Recovery & Financial Transaction Management • Regulatory Compliant Disposition • Recall Management • Supply Chain Analysis • Web-based Analytics

CLS operates over 40 reverse logistics facilities for returns management and manages a field force that performs international and domestic supply chain studies for returns avoidance and reduction. CLS also operates MedTurn, a healthcare services division.

About H-E-B

For more than 100 Years, H-E-B has been an innovative retailer. Known for its fresh food, quality products, convenient services, and a commitment to environmental responsibility and sustainability, H-E-B strives to provide the best customer experience at every day low prices. Based in San Antonio, H-E-B employs more than 60,000 Partners and serves millions of customers in more than 150 communities throughout Texas and Mexico.

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