

WORC Sales Committee
18 May 2016

Attendees: Loren Thilmany, Randy Gotz, Michael Bellesbach, Heidi Smith, Matt Semling, Ron Wenzel, Bob Peterson

Absent: Kevin O'Reilly, Todd Young (vacation)

CBS

- Safety – no known issues. Uses a daily safety check list to keep safety visible and effective.
- People – three vacancies, coinciding well with the decreased need which occurs each summer.
- Operations – all education-related sites power down each summer, many closing entirely.

Production Floor

- Safety – no known issues. Uses observation and correction as main safety tool. Tripping most frequent occurrence, attributed to ever-changing floor space arrangements and the speed at which our clients adapt to that change.
- People – no issues
 - Operations
 - PCC/Meyn – parts supply shortage will result in a 2-week shutdown before the end of May. Move from hourly to piece rate has improved productivity by 2X and simultaneously increased individual client wages. Gross margin estimated to be 33%.
 - Hal Leonard/Mediascope – substantial inspection/repackaging project to correct an error made by a printer.

Laundry

- Safety – not discussed
- People – not discussed
- Operations
 - St Annes toured the facility, asked operational questions, e.g. 'What is your operational backup plan?' They will decide by 1 June on what business we will have them at and at what scale. Most likely scenario is a modest volume presently outsourced to Aramark. Performance trial?
 - Sauer contract has been signed
 - Fountain City Motel is still in the developmental mode. While geography would seem problematic, their offer to deliver and pickup will make this work.

Sales Development

- WORC 5-year gross revenue growth estimated at approximately \$80K/year, 2.5% per year and roughly the rate of inflation, this despite steady decline in agency revenue on the order of \$29K/year over the period.
- Committee has agreed sales growth begins here. Last expansion, the Laundry business unit, took 2 years from idea inception to board approval.
- Next meeting - begin gathering sales development ideas.

Committee Name: Sales & Development Meeting
Meeting Date & Time: 5/19/16 @ 7:00 AM
Attending: Michael Bellesbach, Todd Olson, Randy Gotz
Matt Semling, Kevin O'Reilly, Heidi Smith, Lorin Thilmany
Next Meeting Date : 6/23/16 @ 7:00 AM

Agenda Items	
• CBS Current Business	• Production Current Business
• CBS New Business	• Production New Business
• CBS On Time/Quality	• Production On Time/Quality
• CBS Cost Savings	• Laundry sales

CBS

- Overall CBS had a good month.
Had 1 coach retire and one left in May.
- 23 sites.
- 1 of which is food
- 2 schools
- 2 electronic
- Looking for possible replacement for sites.
- May look at getting rid of some smaller sites to get some larger sites.
- With summer site ending I am trying to utilize the coaches we have without doing any hiring at this time.

Production

- **PCC/Meyn-** We are now doing really well from going to pc rate vs paying hourly. We have not slowed down on production at all. We will be running out of orders and parts by the end of the week/beginning of next week.
- **Wincraft-** we are still working on clocks daily.
- **Watkins-** We have 4 different lip balm orders that we are just waiting on product.
- **Fastenal-** We have been working on mailers for Fastenal which will be an on-going project every month of about 2,600 pcs per month. We also have a lunch box kit coming up in the near future. Qty is going to be 2,631 pcs. We have also been working on a transportation cut out job as well, the Qty of pcs we are cutting out is 10,000 pcs.
- **Saint Mary's-** we did a quote on a 6,000 pc mailer. We received the mailer late last week and should finish up on 05-18-2016.
- **Hal Leonard-** We quoted on an inspection job late last week, and got the go ahead on the job. The Quantity is for somewhere between 40-50,000 books to inspect and re shrink them into 5 packs. We will be partnering up with Mediascope on this one.

Laundry

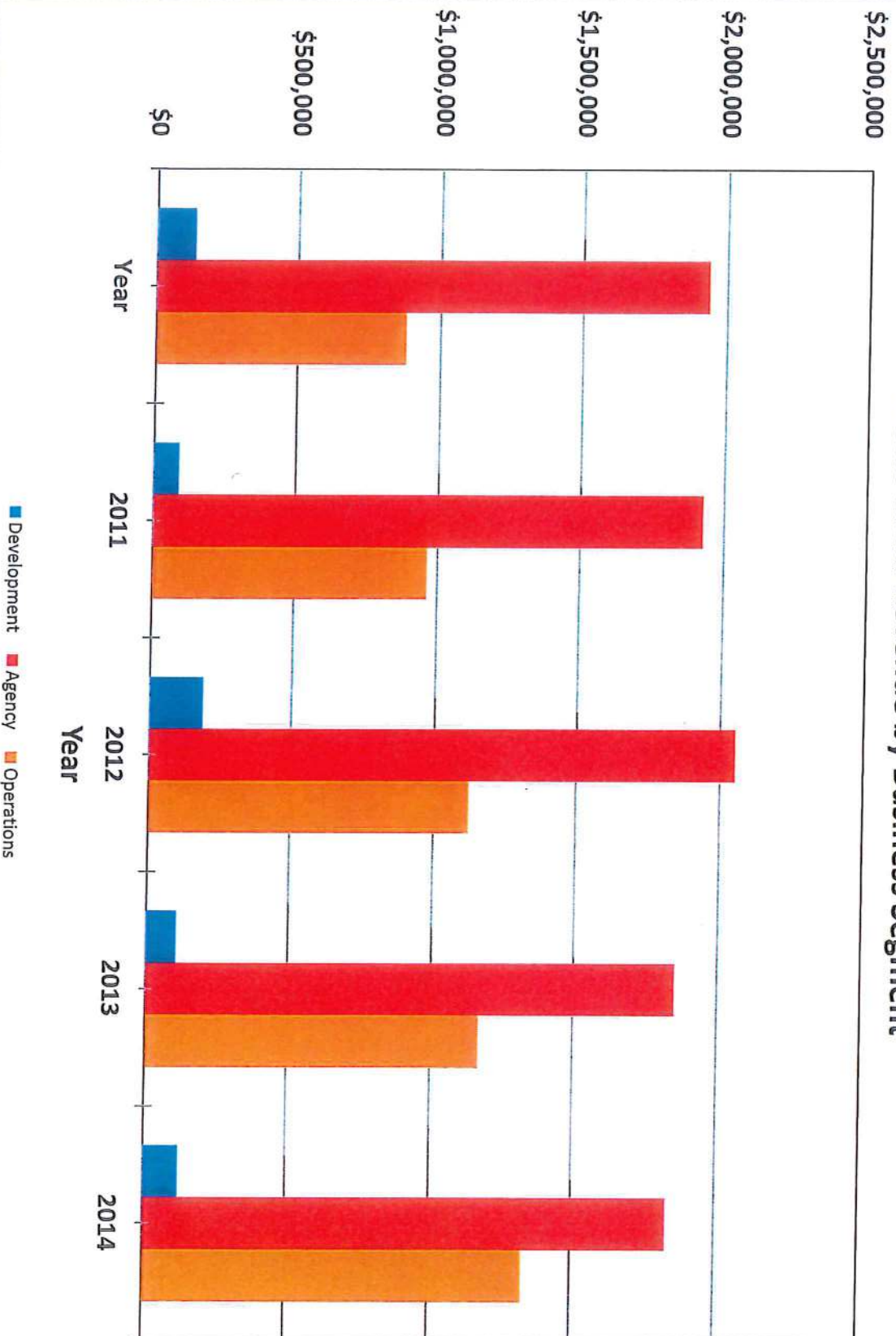
- **General**

- There are ongoing talks with St Anne after our meeting last week. If we do get this contract we will only get the culinary piece that they currently outsource to Aramark initially. Assuming we would get this and it goes well they would then look at outsourcing the rest of the linens sometime in the near future. A decision will need to be made by St Anne's before June 1st if they are going to cancel their Aramark contract, so we will know relatively soon. It doesn't look like we will need equipment for the 1st part of their business.
- The Sauer contract is signed through the end of the year and pricing is aligned with other per pound linen pricing at \$0.38 per pound.
- Still working on the Fountain City Motel linen processing. At this point we are trying to get them here for a tour. Looks like reasonably small volume (10,000-15000 lbs/yr), but they would deliver and pick up.

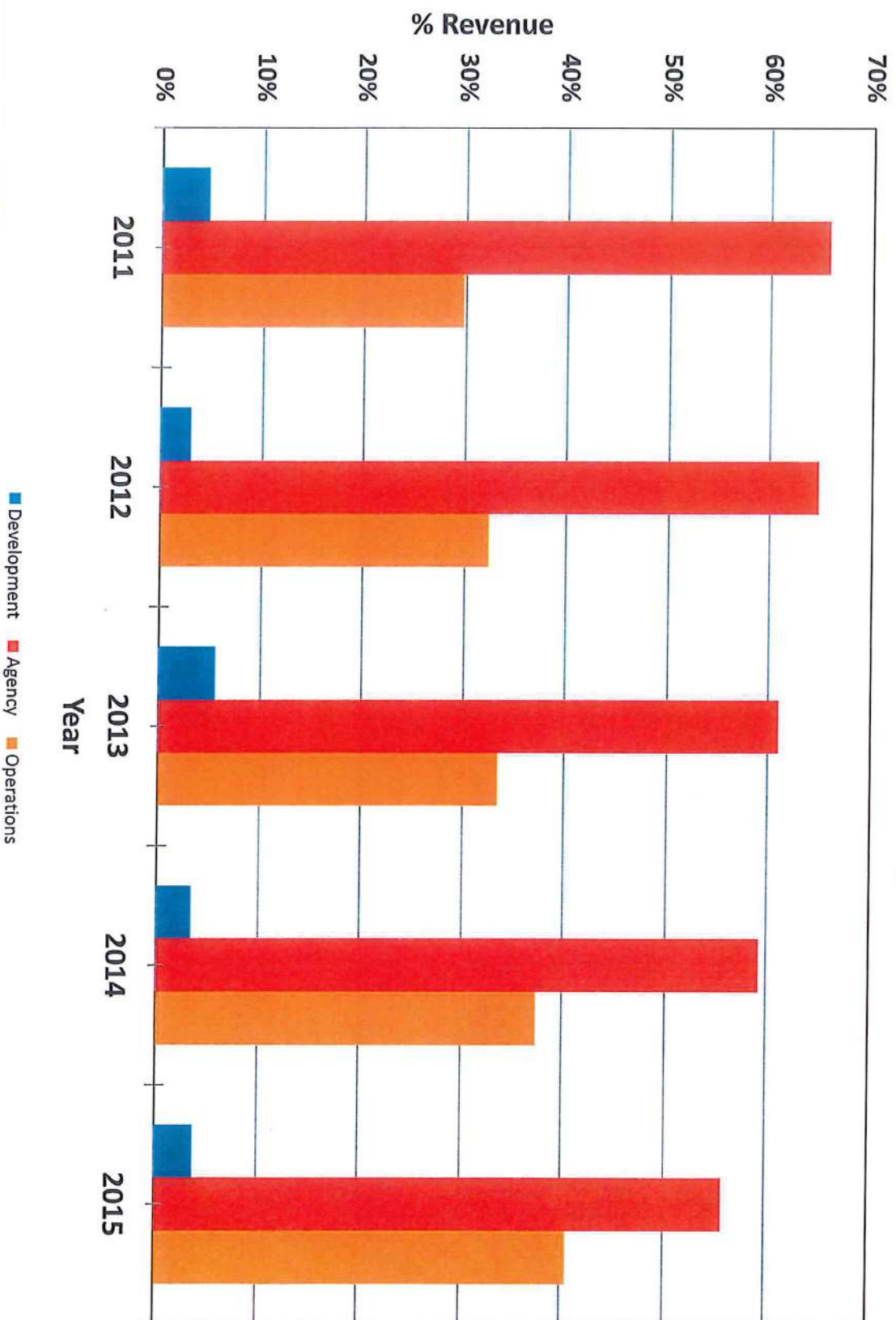
- **Mats**

- Nothing new on mat sales.

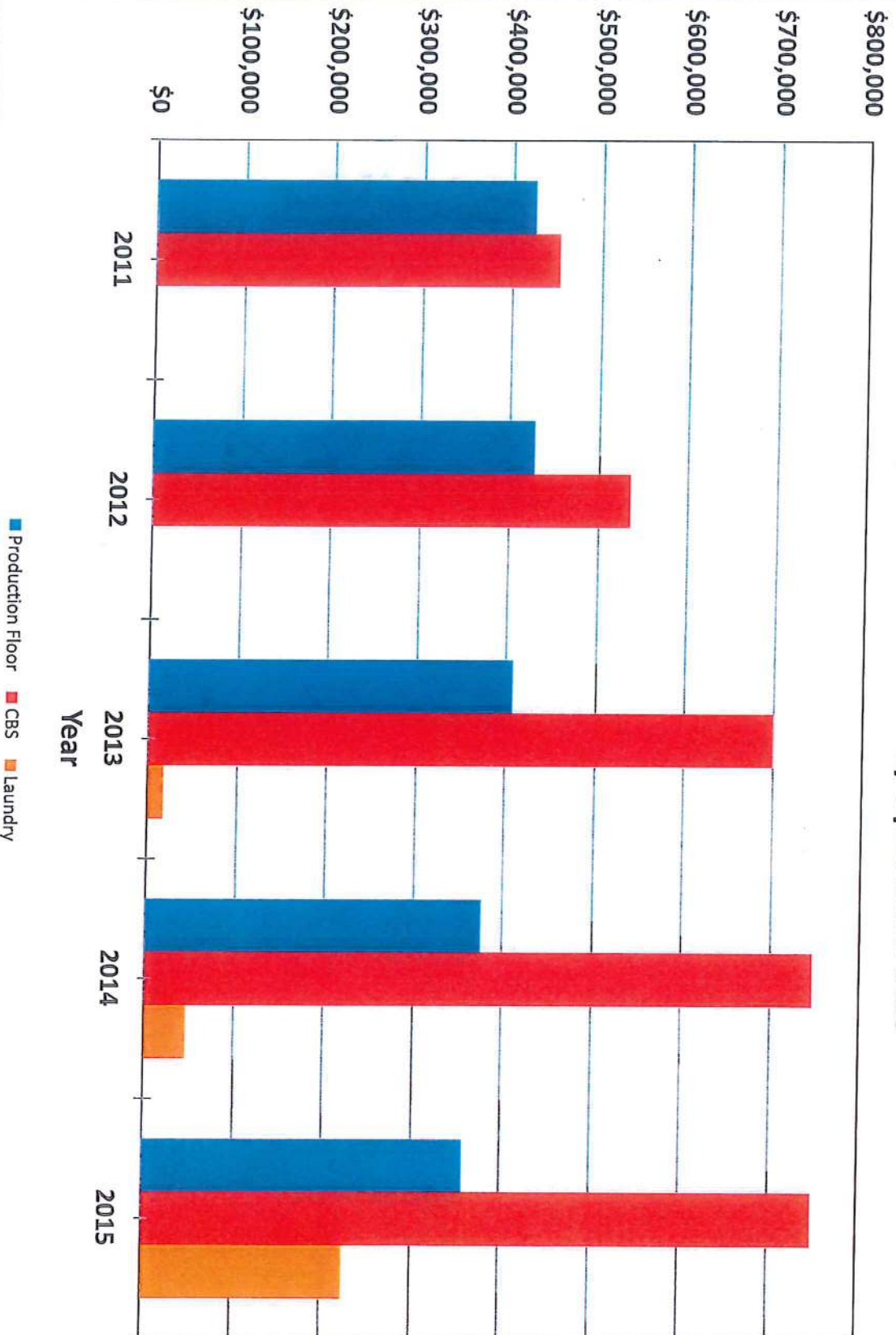
WORC Gross Revenue by Business Segment



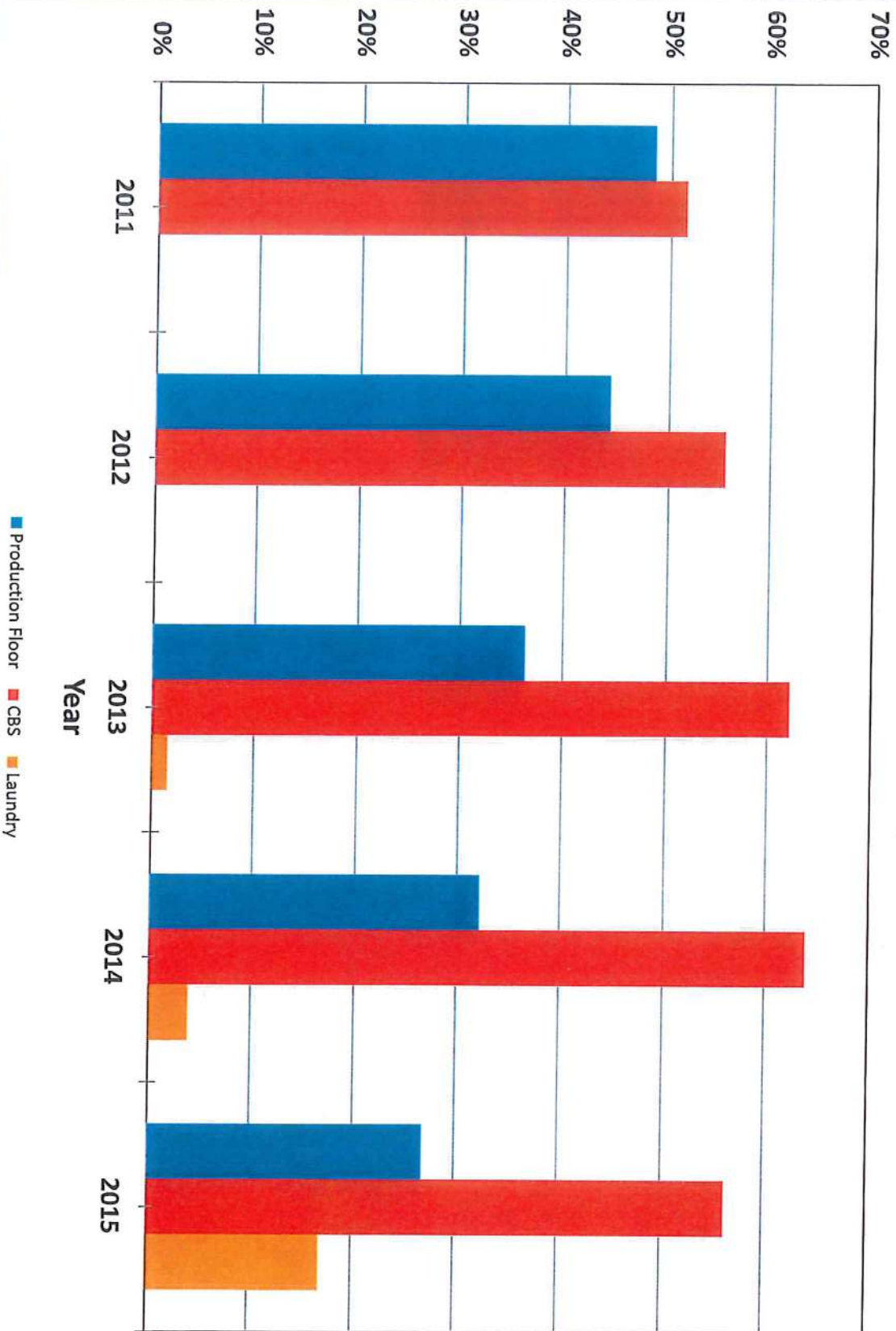
% WORC Revenue by Business Segment



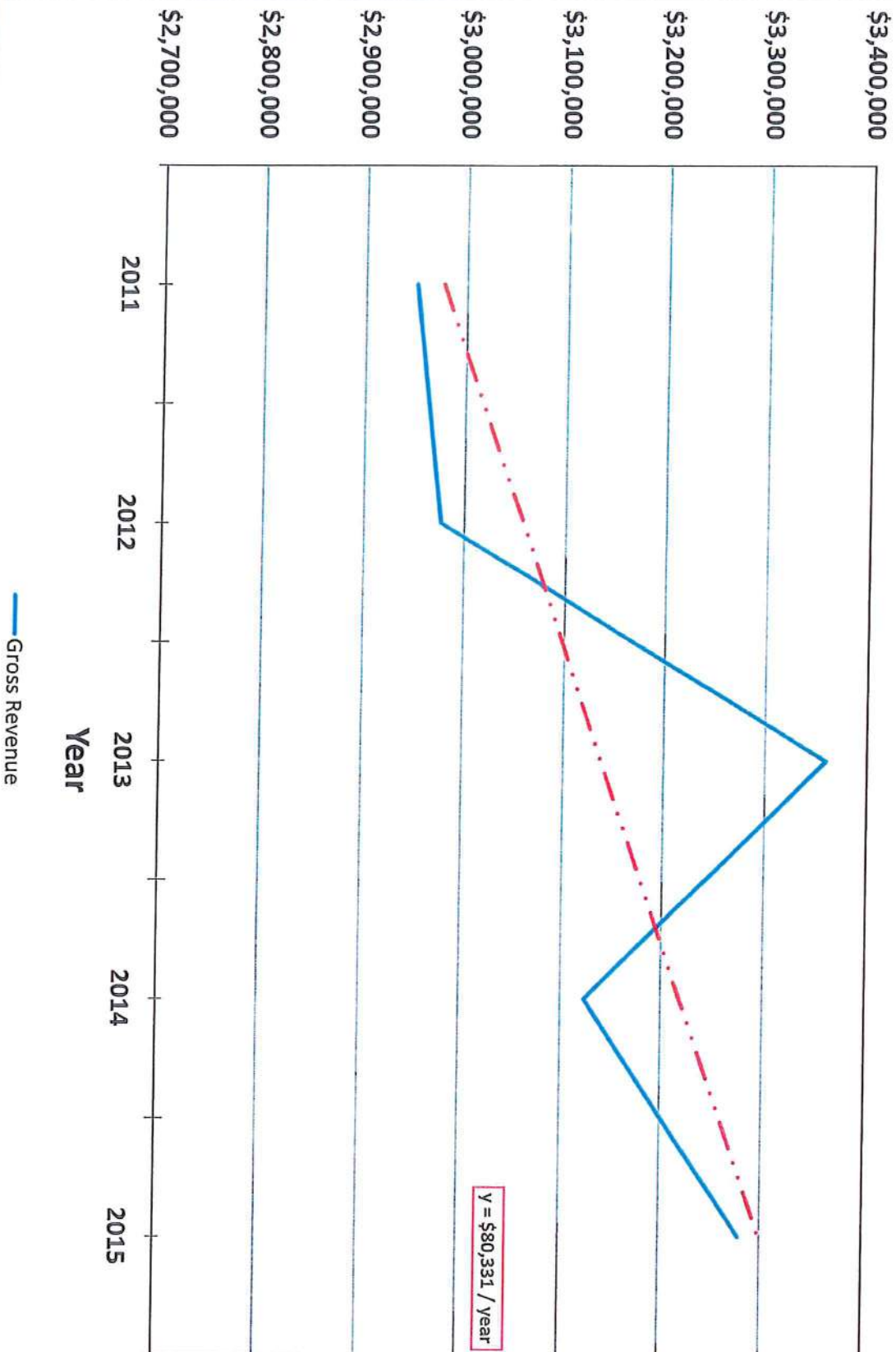
WORC Operations Revenue by Operations Unit



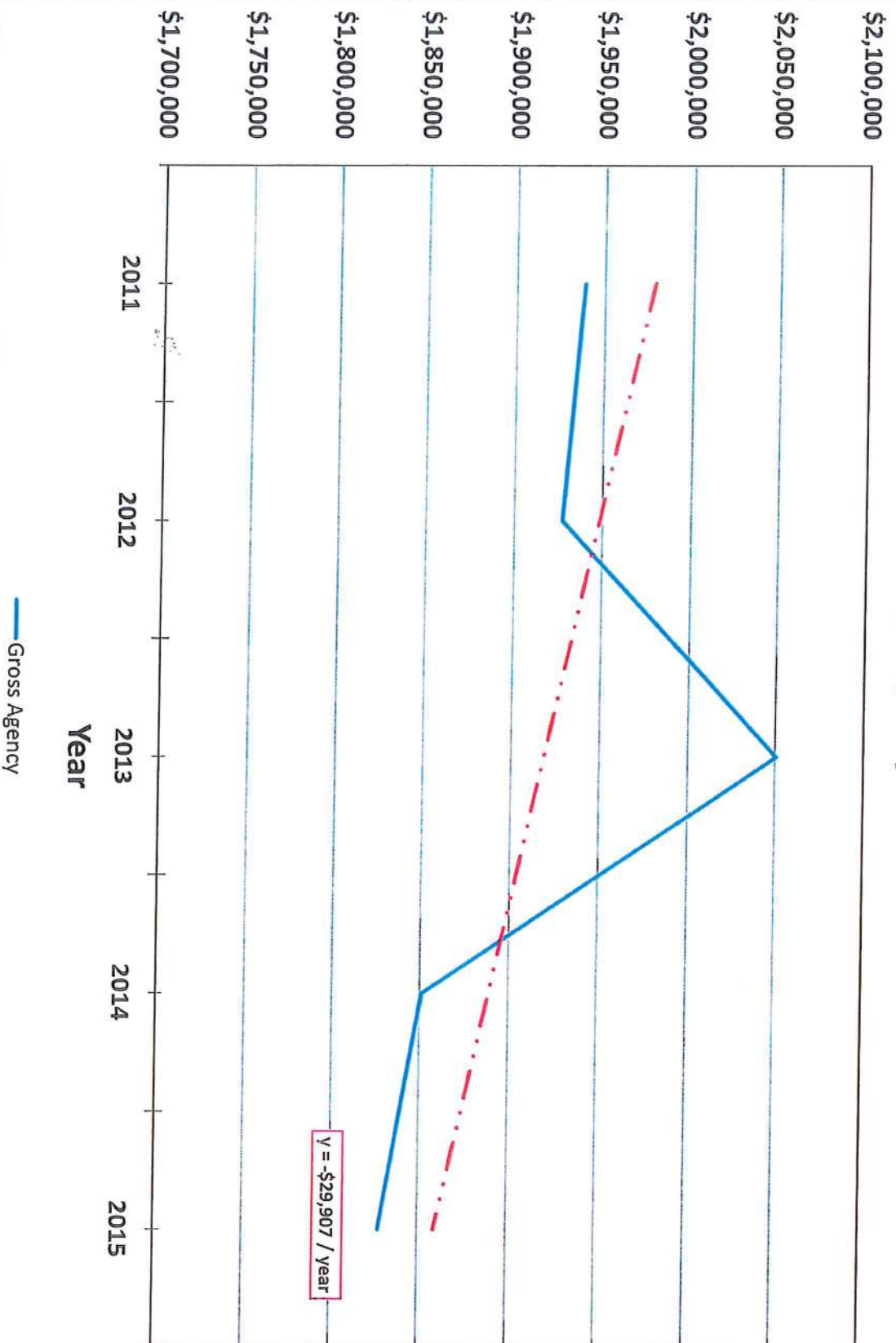
% WORC Operations Revenue by Operations Unit



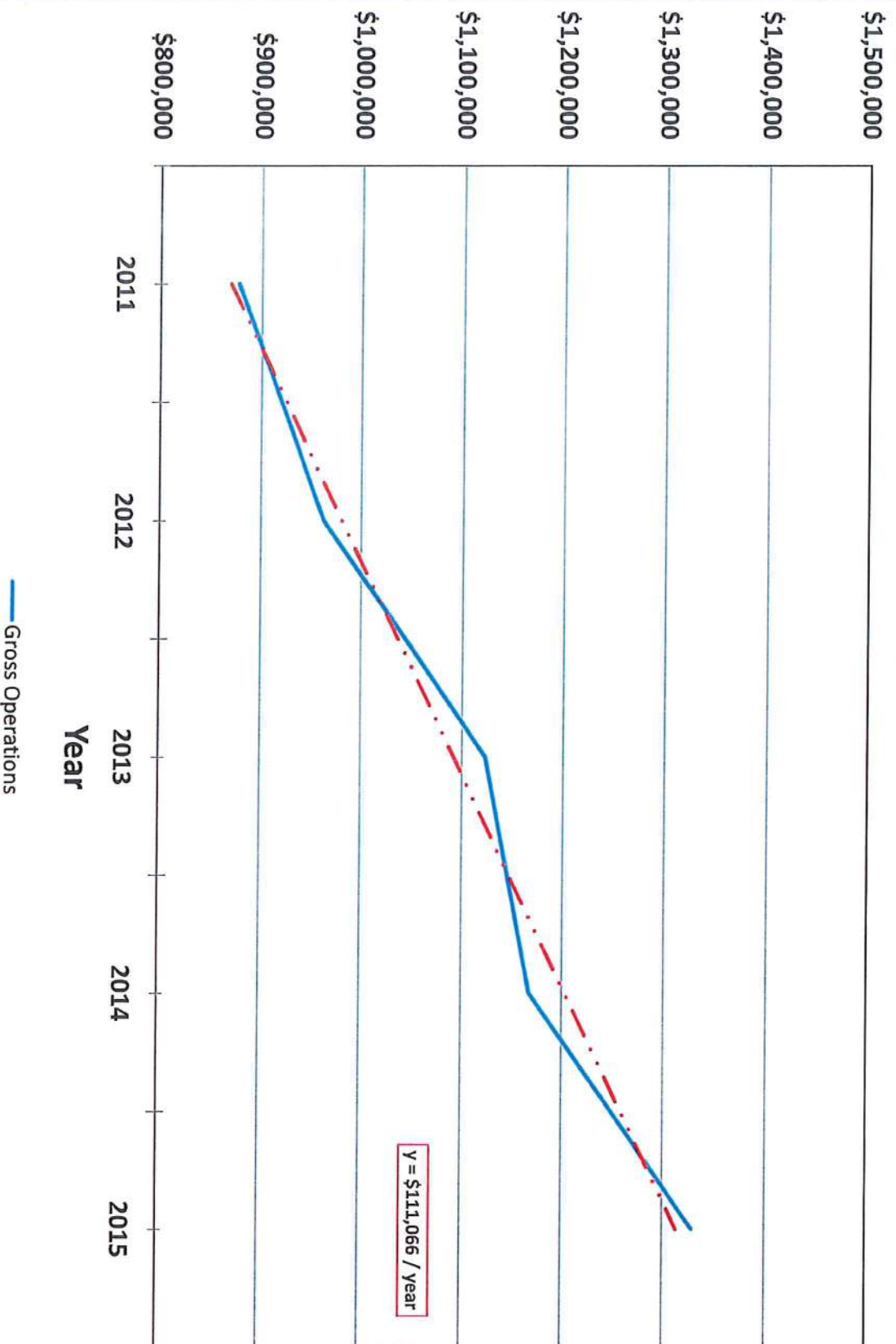
WORC Total Gross Revenue



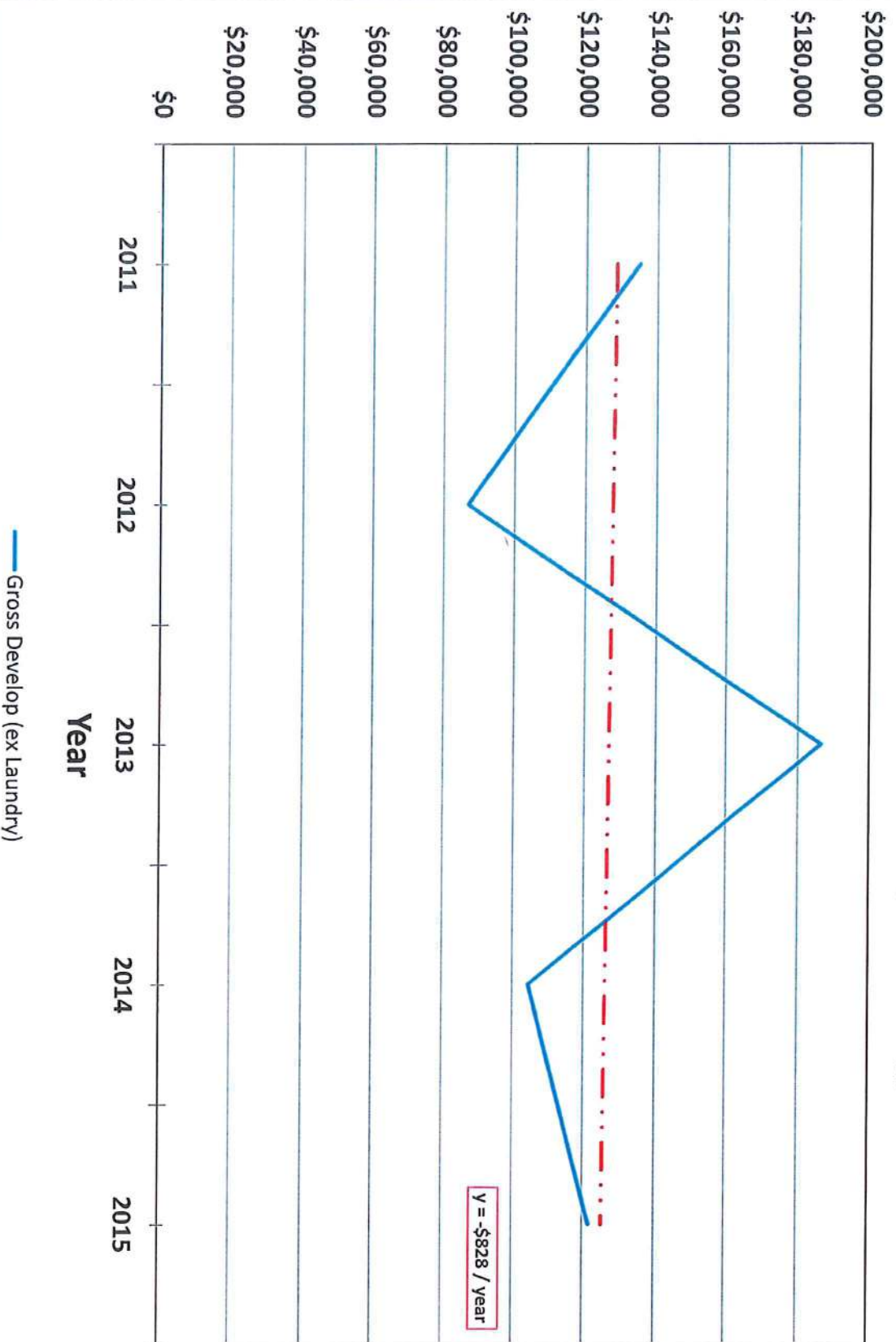
WORC Gross Agency Revenue



WORC Gross Operations Revenue



WORC Gross Development Revenue (ex Laundry)





SALES BY CUSTOMER

FOR ONE MONTH ENDING:

APRIL 30, 2016

Operation Services

	Month	2016 YTD	2015 YTD	2014 YTD	2013 YTD	2012 YTD
Brian's Toys	\$0	\$575	\$1,382	\$2,176	\$2,018	\$3,862
Fastenal Company	\$1,224	\$2,827	\$5,746	\$14,830	\$23,018	\$2,397
Hal Leonard Corp.	\$0	\$0	\$5,906	\$2,772	\$2,006	\$0
Peerless Chain Company	\$15,798	\$49,640	\$20,607	\$16,424	\$11,667	\$20,333
Watkins Inc.	\$4,554	\$19,312	\$25,804	\$26,964	\$11,007	\$25,557
Wincraft	\$4,505	\$23,929	\$30,964	\$31,604	\$45,956	\$50,246
Winona Lighting	\$168	\$471	\$849	\$4,173	\$396	\$0
Winona Knits & Mitts	\$40	\$439	\$1,339	\$8,221	\$2,311	\$2,761
Winona Shredding	\$2,054	\$6,763	\$4,864	\$4,621	\$3,944	\$0
Other	\$584	\$1,287	\$3,965	\$5,712	\$4,346	\$8,847
Total	\$28,927	\$105,243	\$101,425	\$117,498	\$106,669	\$114,003

of Customers

36 Of the 36 customers, 30 are for shredding

Community Services

	Month	2016 YTD	2015 YTD	2014 YTD	2013 YTD	2012 YTD
Behrens	\$2,616	\$11,049	\$12,766	\$15,281	\$17,552	\$9,492
Benchmark	\$950	\$4,082	\$4,294	\$4,589	\$253	\$7,197
Bluff City Properties	\$442	\$1,879	\$1,659	\$1,908	\$1,654	\$1,751
Bluffview Montessori School	\$1,981	\$7,715	\$7,716	\$6,625	\$6,626	\$6,897
Bub's Brewing Co.	\$1,192	\$4,768	\$4,767	\$4,456	\$4,326	\$4,327
Chartwell	\$4,159	\$11,140	\$9,764	\$5,230	\$7,964	\$7,653
Cotter Schools	\$190	\$1,125	\$1,951	\$1,903	\$2,027	\$2,312
Cotter/Steak Shop Catering	\$3,013	\$10,580	\$10,123	\$9,485	\$9,204	\$8,362
Fastenal Company	\$680	\$2,890	\$5,668	\$5,084	\$28,121	\$17,614
Peerless Chain Company	\$6,557	\$26,228	\$28,282	\$29,004	\$29,262	\$29,330
Riverside Electronics	\$8,272	\$33,240	\$33,498	\$22,643	\$23,644	\$0
Riverstar	\$0	\$0	\$176	\$2,686	\$0	\$7,154
RTP Company	\$4,373	\$17,492	\$17,493	\$14,973	\$14,536	\$14,536
Watkins Inc.	\$5,892	\$20,496	\$4,508	\$0	\$0	\$3,940
Watlow Controls	\$9,666	\$37,138	\$35,590	\$31,518	\$31,238	\$27,315
Winona County	\$10,540	\$43,200	\$43,584	\$60,384	\$38,547	\$0
Winona Health	\$660	\$2,030	\$25,502	\$4,087	\$0	\$0
Other	\$1,873	\$8,011	\$9,335	\$17,781	\$12,113	\$11,082
Total	\$63,056	\$243,063	\$256,676	\$237,637	\$227,067	\$158,962

#of Customers

25

Laundry Department

	Month	2016 YTD	2015 YTD	2014 YTD	2013 YTD	2012 YTD
Winona Health	\$16,915	\$66,752	\$64,334	\$7,194	\$0	\$0
Sauer Health Care	\$2,166	\$9,204	\$0	\$0	\$0	\$0
Other Laundry	\$1,888	\$7,523	\$6,877	\$6,714	\$0	\$0
Total	\$20,969	\$83,479	\$71,211	\$13,908	\$0	\$0

of Customers

16

Total Sales **\$112,952** **\$431,785** **\$429,311** **\$369,043** **\$333,736** **\$272,965**