

PRESIDENT'S MESSAGE

I recently ran across the old Chinese proverb, "If you do not change your direction, you will end up exactly where you are headed." Although partly amusing and common sense, I think this proverb is equally profound in the corporate setting as we work to foster innovation, creativity and personal ownership among our employees.

At Tippmann Group, we encourage our employees to respectfully challenge and critically evaluate all that we do. Throughout the company, there are examples of employees "finding a better way." We've outlined a few examples within this edition of Briefings. In some cases, these innovations improve safety, other times it might expedite service delivery to a customer or it might create cost savings.

Creating an environment that encourages innovation is not easy and requires more than lip service. Innovation in its implementation requires change, and perpetual change is difficult for many organizations to embrace. It also requires that organizations eliminate boundaries and functional silos. Innovation doesn't recognize an organizational chart. Finally, innovation requires a "what if" or "have you considered" organizational posture rather than the traditional "this is how we do it" one.

Although challenging, when successfully executed, these efforts promote innovation, creativity, and personal ownership among employees. We are proud of each employee that has helped us "find a better way" at Tippmann Group and are equally committed to maintaining an environment that encourages the next great idea.

In the end, fostering an environment of innovation is the only way we can ensure our company's "direction" is continued growth and success. And, that's good for everyone.

Sincerely,



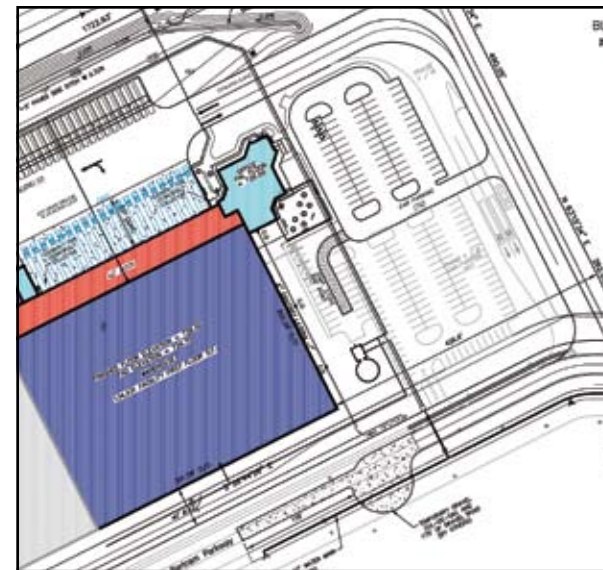
Chuck Tippmann



SAFETY THROUGH MASTER SITE PLANNING



Personal vehicles and pedestrians (entrance at far right) never cross paths with truck traffic (entrance/exit second and third driveways from right) at the Sara Lee facility in Macon, Georgia, recently designed & built by Tippmann Group.



Site plan for Interstate Warehousing – Franklin, Indiana, showing segregation of personal vehicle parking area and truck entrance wide enough to fit three trucks side-by-side.

Safety is at the top of our list of priorities on every construction job site. This issue is most frequently addressed while construction is *in progress* on a job, but it also needs to be examined before any dirt has been moved on site.

Developing a master site plan with safety in mind means that the design team is thinking ahead to the finished product. Consideration to traffic and pedestrian flow are equally as important as other safety measures followed during the construction process.

SEGREGATING TRUCK & EMPLOYEE/PEDESTRIAN TRAFFIC FLOW

The design team at Tippmann Group incorporates the segregation of truck and employee traffic as a key layout consideration on all new construction projects.

- Separate entrances for truck traffic, and employee/visitor traffic
- Trucks are able to drive in and around the site without interfering with employees & visitors
- Complete separation provides added level of safety on site

DRIVER CHECK-IN AND STAGING AREAS

Another important consideration is the size of the area where drivers park their trucks when they are checking in or out of the facility. An excellent example of this is at the Interstate Warehousing facility in Franklin, Indiana. The truck entrance is wide enough to accommodate three tractor-trailers side-by-side. The driveway is also long enough to allow for multiple trucks to be parked for staging.

Planning for these items ahead of time provides a smoother flow of both vehicular traffic and pedestrian traffic in and around the site.

For more information about Briefings and/or our services, please contact Mark Wolf at: mwolf@tippmann.com

Tippmann Group
Corporate Office
9009 Coldwater Road
Fort Wayne, Indiana 46825
P: 260.490.3000
F: 260.490.1362

tippmann.com



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TIPPMANN GROUP

TIPPMANN
CONSTRUCTION
INCORPORATED

interstate
warehousing

BUILDING BLOCKS – FOAM VS. OAK FOR COLUMN BEARING

Isolation blocks are an important piece of the construction puzzle when a new refrigerated or frozen warehouse is being built. The purpose of the block is to isolate the frozen conditions in the warehouse. The isolation block separates the steel column from the concrete pier, preventing the transfer of frost and/or cold into the sub-grade, and therefore preventing the sub-grade from freezing. If the isolation block is not there, or if the wrong type of block is used, the sub-grade may freeze. This can cause the floors in the facility to heave, along with the same problem for the walls. That leads to costly repairs and numerous headaches for both the facility owner and the builder.



When oak blocks absorb moisture and freeze, they can swell and cause major damage to a warehouse.



(continued inside)

CONVERTING A WMS WITHOUT LOSING PRODUCTIVITY

Installing a new Warehouse Management System (WMS) is a major event and a challenging one in the life of a warehouse. There are two types of installs, each with their own unique challenges.

One is a new install, where a new facility is starting up with no pre-existing inventory. Training is typically the issue that is dealt with in this environment, since new employees will not be familiar with the system.

The other type of install is converting inventory from an existing WMS to a new WMS. The challenges faced here include inventory related issues, customer requirements around data capture and employee training.

Interstate Warehousing has recently gone through both types of installations, with a new installation in Murfreesboro, Tennessee, as well as converting our existing warehouses in Franklin, Indiana and Hamilton, Ohio, as we are implementing the Red Prairie WMS throughout our entire network of facilities in the years ahead.

Pre-planning is a critical element to the success of installing a new WMS, whether it is at a new facility or converting an existing one. There are 4 phases that need to be defined to manage this process:

■ Analysis Phase

- Gather customer and facility requirements
- Utilize a vendor who treats you as more of a partner than a customer
- Develop a list of functional gaps and system needs
- Define the timeframe and project schedule

■ Configuration Phase

- Communicate with customers and employees, get them excited about the transition
- Build the environment
- Begin testing modifications or changes in system settings



Technological advancements are changing the face of the warehousing industry, and having a WMS that can keep up with those changes is critical to success.

- Start load and data testing
- Validate proof of concept

■ Implementation Phase

- Put together an implementation team and get them involved from the beginning (IT, operations, admin and accounting all need to be familiar with the process)
- “The Big Show” – begin operations typically in a ramped up fashion
- Begin over the weekend or 3 day holiday to shake out the system, if possible
- First site will be the most difficult (training will be in a classroom setting, as opposed to hands-on)

■ Transition Phase

- Move the day-to-day ownership of the system and processes over to the site management
- Listen to feedback from employees and customers
- Have a team in place to react to issues, and mitigate them as quickly as possible

Converting an existing WMS to a new one or implementing a new system at a new facility can be a daunting task, but with a well-thought out plan and the right team of people in place, the transition can be successful and your company will come out of the process stronger than before.

BUILDING BLOCKS – FOAM VS. OAK (CONT.)

For those building refrigerated and frozen facilities, the question is not whether or not to use an isolation block, but rather what kind of isolation block should be used? Traditionally, oak blocks have been used because they are readily available, and they have the strength necessary to support a steel column. The drawback to using oak blocks is the potential for the absorption of moisture. When moisture gets into an oak block, then freezes, it can cause the block to expand, pushing a wall panel out, and creating vapor breaches in the facility. The damage is sometimes noticeable from the outside, with bulges visible in the wall panels. Repairing that kind of damage can be extremely expensive.

Instead of oak blocks, Tippmann Construction uses a closed-cell foam block which is impervious to moisture. The foam blocks alleviate potential vapor leak issues because they don't absorb moisture, freeze, swell and push a panel out, breaking the vapor seal of the panel. They provide a better insulating value for the thermal break between the freezer environment and the sub-grade or foundation. They also have the strength to support compressive loads up to 1,000 psi (or higher depending on the specific block you choose).

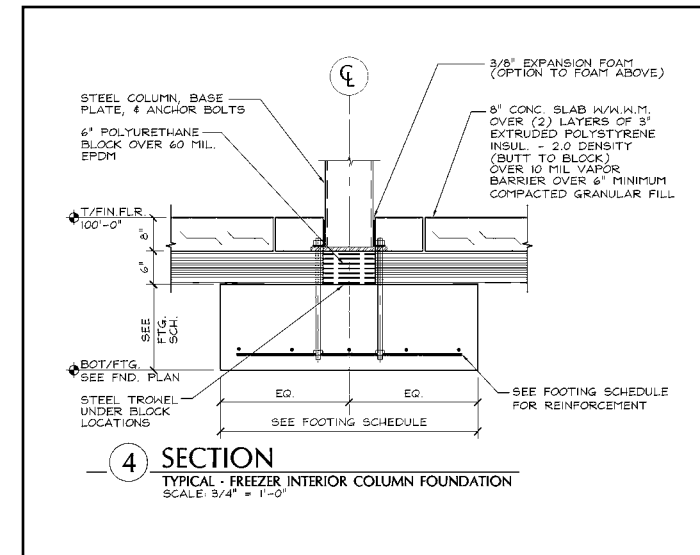
It is important to note that foam blocks require full load bearing concrete under the block. The concrete has to be poured correctly. If it is not, then someone will need to grind it down in order to smooth it out, making it suitable for full load bearing.

Key benefits to using closed-cell foam isolation blocks for column bearing:

- Will not absorb moisture or rot
- No deterioration due to insects
- Higher compression strength than oak blocks
- Provides thermal insulation, preventing transfer of cold into sub-grade
- Blocks can be custom-cut or bought in bulk



Closed-cell foam isolation blocks are strong enough to support roof-column loads, and do not absorb moisture or rot.



WHAT'S NEW AT TIPPMANN GROUP?

Tippmann Group and Sara Lee Foods are working together in 2007 on three major construction projects around the country. These projects follow the successful completion of Sara Lee's 214,000 square foot mixing center in Macon, Georgia in 2006.

SARA LEE – ROCHELLE, ILLINOIS



- 135,000 square foot expansion

SARA LEE – POTTSVILLE, PENNSYLVANIA



- 182,000 square foot new mixing center

SARA LEE – HALTOM CITY, TEXAS



- 182,000 square foot mixing center, adjacent to manufacturing plant and connected to plant via conveyor bridge