

Cutover Plan

Alabama ABC

Goals

- Close DDS **July 13, 2026**
- Begin Shipping DDS from new warehouse on **July 20, 2026**
- Close Current warehouse on **July 31, 2026**
- Begin shipment of all loads **August 3, 2026**
- Have three weeks of inventory at both the current and new warehouse on **July 17, 2026**
 - New Warehouse inventory will have additional cases to account for DDS
 - Shipping into new warehouse should begin on **June 15, 2026**
- All dates are subject to change

Inventory Goals

- Currently carrying roughly 5 weeks worth of inventory
 - 420,000 cases
- Goal is to get to 3 Weeks of inventory in the current warehouse by **July 17, 2026**
 - 252,000 cases
 - Achieve this by a combination of reduced shipments and moving current inventory
- Goal is to have 3 Weeks worth of inventory and additional product for DDS at new warehouse by **July 17, 2026**
 - **275,000 cases**

First Step – SKU Classification

- All SKUs classified by volume into four groups – A, B, C, D
- A = Top 40% Volume (99 SKUs)
- B = Next 40% Volume (515 SKUs)
- C = Next 10% Volume (427 SKUs)
- D = Last 10% Volume (1756 SKUs)
 - Includes Allocated products and VAPs

Next Step – Identify 3 weeks worth of inventory

- Dusty is using July - August from 2025 plus trend to determine 2026 inventory objectives
 - Any SKUs that are new from that point forward will be projected
- This number will be put on a supplier specific document and should be used to as the target inventory on **July 17, 2026**
- This number is also the starting point for inventory at the new warehouse
 - We will add the volume needed to supply DDS sales as well
 - About 20,000 cases
- If you have over **15 weeks** of inventory on hand right now **DO NOT SHIP ANYTHING ELSE TO US**
- If you have over **17 Weeks** of inventory on hand as of today, you will need to make arrangement to **HAVE PRODUCT PICKED UP**

A and B Classifications (614 SKUs)

- These Items should be shipped to the current warehouse Until **July 17, 2026**
 - At this point, the inventory level should be at the 3-week number supplied by Dusty
 - Full Pallet shipments only.
- These items can be shipped to the new warehouse beginning **June 15, 2026**
 - Dusty will provide the target number (will include DDS)

C Classification SKUs (427 SKUs)

- C Classification will be allowed to carry up to 5 weeks
 - ABC will take brand down to 3 weeks inventory by shipping excess to new warehouse On or before **July 17, 2026**
 - C Classification SKUs can begin shipping to new warehouse on **June 15 2026**, and the total available inventory should equal 5 weeks worth of inventory
 - Dusty will provide the target number (will include DDS)
- **Last receiving day is July 2, 2026**

D Classification SKUs (1756 SKUs)

- These SKUs Will be put on hold July 2, 2026
 - These SKUs will be packed up and moved to new warehouse by ABC
 - They will stay on hold until go live
- **Last receiving day is July 2, 2026**
- No new shipments until August 3

How It Will Work

- On **May 1**, The ABC will increase factors at stores by .02 each week for 4 weeks
 - Currently at 3.8 weeks in stores
 - Will end at 4.6 weeks in stores
- On **June 15**, The new warehouse will begin receiving inventory from BOTH the current warehouse (ABC) and Supplier.
 - Schedule through Michael Williams as usual
 - 7 – 10 loads a day, 5 days a week
- On **July 2**, C and D Shipments are cut off

How It Will Work

- On **July 6**, ABC will begin shipping D Classification Products to new warehouse
- On **July 13**, DDS will close for one week
 - Inventory will be shipped to new warehouse
 - Independents will need to get products from local wholesale
- On **July 20**, DDS will begin shipping out of New Warehouse
 - First Delivery will be Tuesday, July 21, 2026

How It Will Work - Continued

- On **July 17**, the final shipment into current warehouse will be accepted
 - All A, B and C SKUs should have 3 weeks worth of inventory in the current warehouse
- **July 17 – July 31** all routes will continue shipping from current warehouse
 - Two weeks worth of shipping
 - Should leave 1 week worth of product at current warehouse (84,000)
- On **July 31** shipments will stop at current warehouse
- On **August 3**, all groups will begin to ship from new warehouse
- On **August 3**, remaining Current Warehouse inventory will begin being delivered to New Warehouse

Cutover Time Line

Inside of Building		2026																																			
Month	Week	May					June				July					Aug				Sept				Oct					Nov				December				
		1	2	3	4	5	1	2	3	4	1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3	4	5	1	2	3	4	1	2	3	4	
TASK	Duration																																				
Change Factors for Stores																																					
New Warehouse begins receiving																																					
C & D Class SKUs Receiving Cut off																																					
D Class SKUs Ship to New Warehouse (ABC)																																					
DDS Will Close																																					
Cutoff For Shipping to Current Warehouse																																					
Both Warehouses have Desired Inventory																																					
DDS Begins to ship from New warehouse																																					
DDS Inventory Transferred to new warehouse																																					
Regular Shipping Continues at Current Warehouse																																					
All Product ship from New Warehouse																																					
Prepare DDS and Real Estate for Turnover																																					
Ship Inventory from Current Warehouse to New																																					
Prepare Current Warehouse for Turnover																																					