

Kilwin's[®]

Chocolates · Fudge
Ice Cream



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Kitchen Report 2007



Every Customer, Every Time

"The best confectionery and ice cream you will ever enjoy!"

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Kitchen Report 2007

- 2007 Accomplishments
- Kitchen Results (Key Metrics)
- 2008 Kitchen Focus
- ***2008 Store Support***

Kilwin's 2010 Transformation Roadmap





Building a Culture of Excellence

The Kitchen's Mission:

- Quality Products and Services
- Available When **YOU** Need Them
- Delivered When **YOU** Want Them
- Our Efforts Are Focused on **YOU**
- We're Doing Our Best For **YOU!**

Every Customer, Every Time

- Driving Home Customer Focus
 - Build a Library (Physical and Intellectual)
 - What Would the Customer Think?
 - Listen to the Customer
 - Communicate Intent

Every Customer, Every Time

- New Stock Box Introduced
 - FAC Request
 - **Designed for**
 - Improved “In Store” Handling and Storage
 - Provide Quicker Product Rotation
 - Maintain Overall High Quality, Appearance and Freshness
 - Lower “In Store” Inventory Value
- Big Project > Non Event
 - Stores
 - Customers

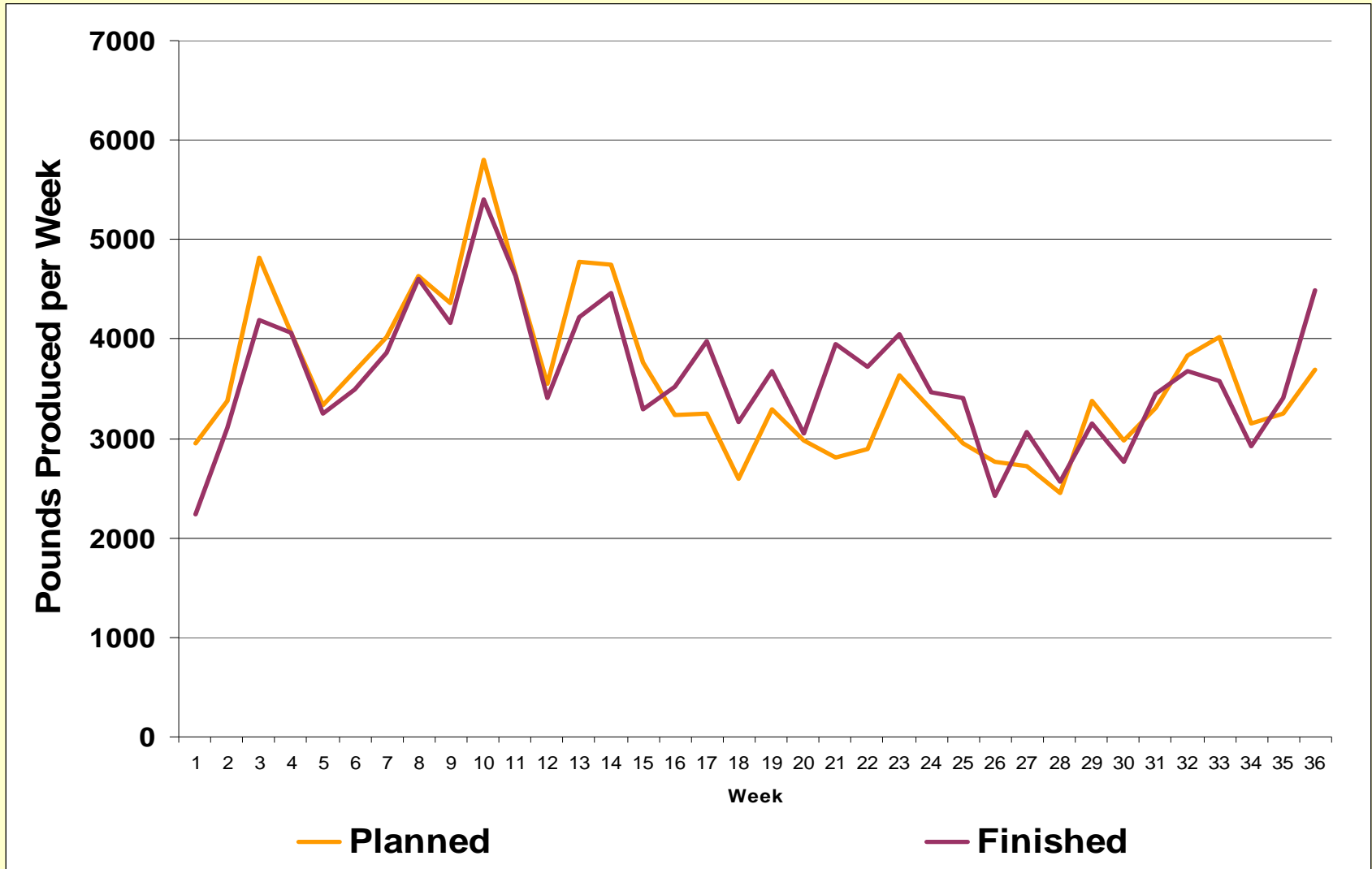
Every Customer, Every Time

- Existing Store Support
 - Production Results (weekly)
 - Planned vs. Actual
 - First Shift / Second Shift
 - Key Metrics



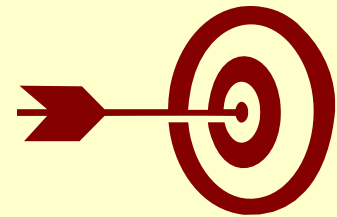
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Kitchen Production



Continued Support and Growth

- Store Facing Production Planning



- Major Kitchen Project for 2007
 1. Forecasting
 2. Production Planning Model
 3. Employee Growth and Enrichment
 4. Equipment

Forecasting

- 90 Day “Look Ahead” Forecasting
 - Historical Store Sales
 - On-Hand Inventory
 - New Store Openings
 - New Store Associations

Production Planning Model

- Historical Production Data
 - Product Category (tuttles, creams, truffles, etc.)
 - Equipment Utilization
- Forecasting
- Existing Store YoY Growth
- New Stores
- Production Planning Model > 2010



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Planning Model Outcomes

- Effective Production Planning
 - Inventory Control
- Employee Requirements
- Equipment Requirements
- Facilities Planning
- Foundation in Place for Production Support

Employee Growth

- Added 2 Additional Full Time Production Staff
- Initiated 2nd Shift Production Line
 - Currently Staffed at 50% of 1st Shift
- Added 1 Full Time Driver (Michigan)
- Two New Warehouse Personnel
 - Michigan (CDL)
 - Florida (CDL Pending)

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Michigan Truck Drivers

Greg, Gary, & Tim



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The FDC Crew



New Equipment

- Focus on Throughput
 - Manage Constraints
- New Mini Temper
 - 50% Increased Tempering Capacity
- Extruder (new dies)
 - Creams
 - Caramels

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Out With the Old...



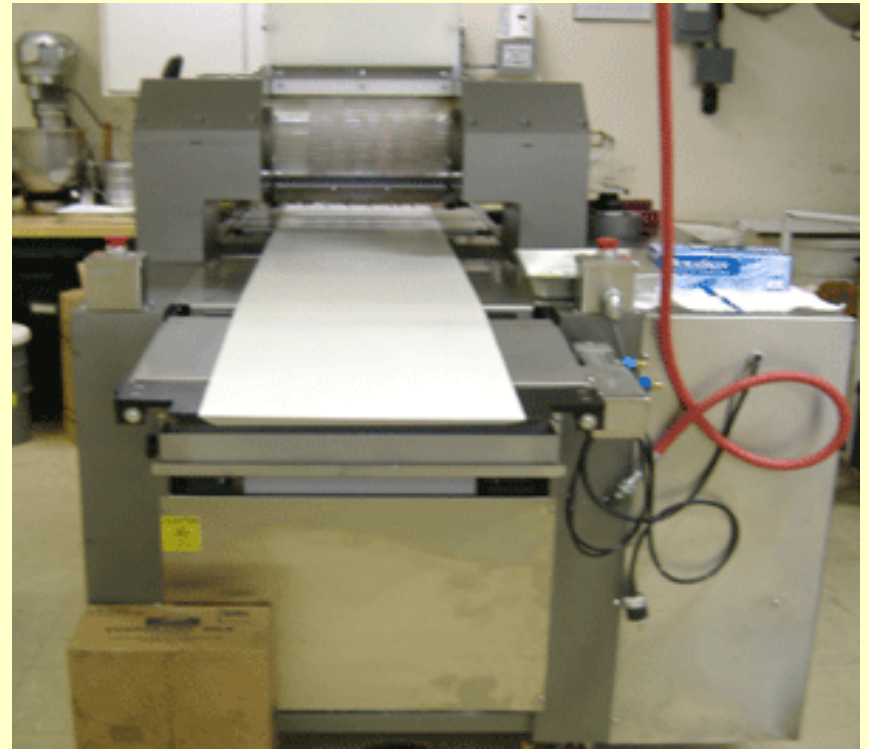
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In With the New !



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Extruder



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Ice Cream Update

Production Opportunities

- Strawberry Chunk (Blender)
- Mackinac Island Fudge (Tub Spinner)

Top Sellers

- Cake Batter (13)
- Fudgie Brownie (22)



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Ice Cream Update

New Flavors

Rocky Road



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Ice Cream Update

New Flavors

Rocky Road

Cinnamon Crumb Cake



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Ice Cream Update

New Flavors

Rocky Road

Cinnamon Crumb Cake

Blueberry Waffle Cone



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2007 Kitchen Results



Key Metrics

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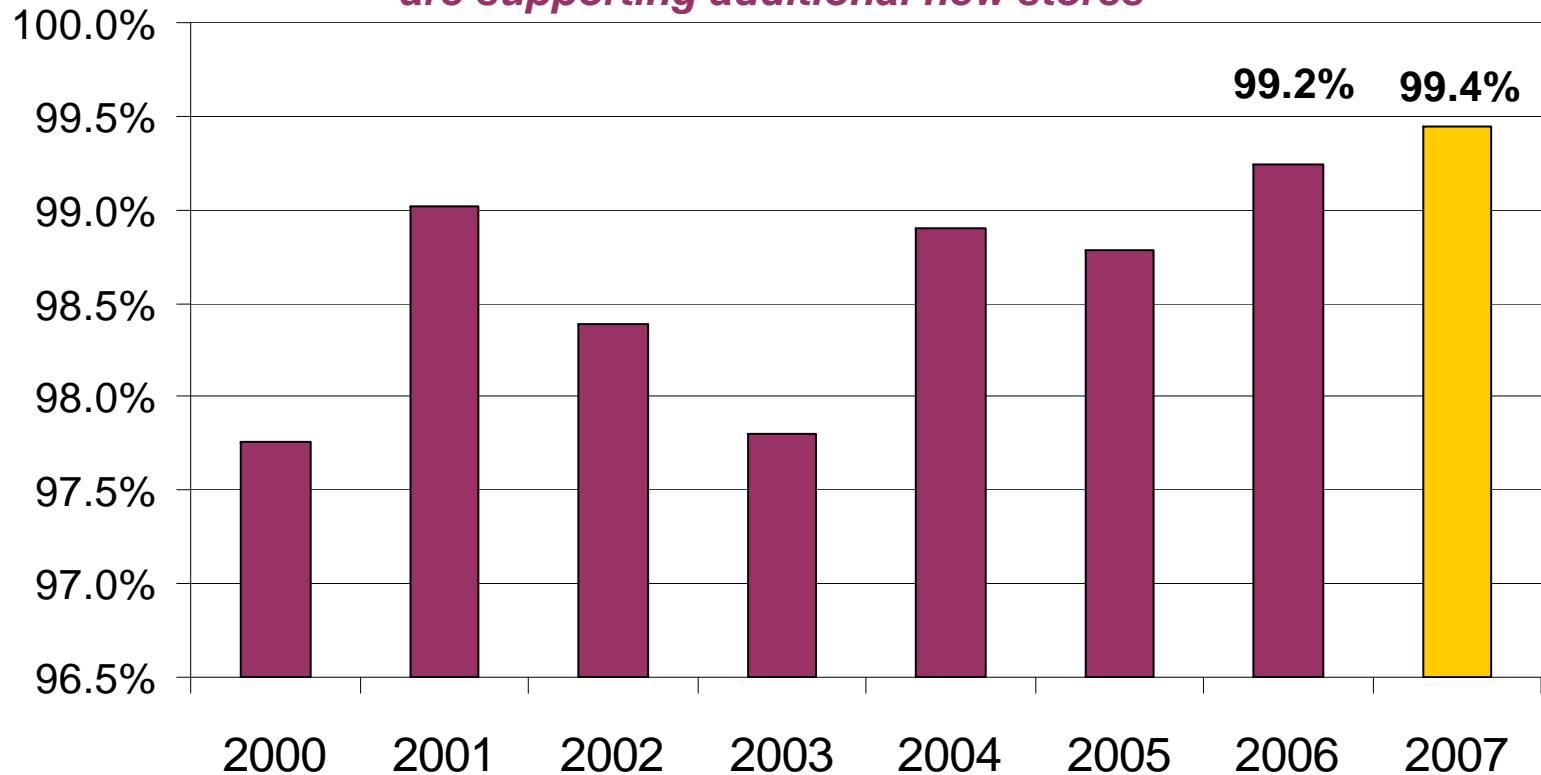
Kitchen Metrics





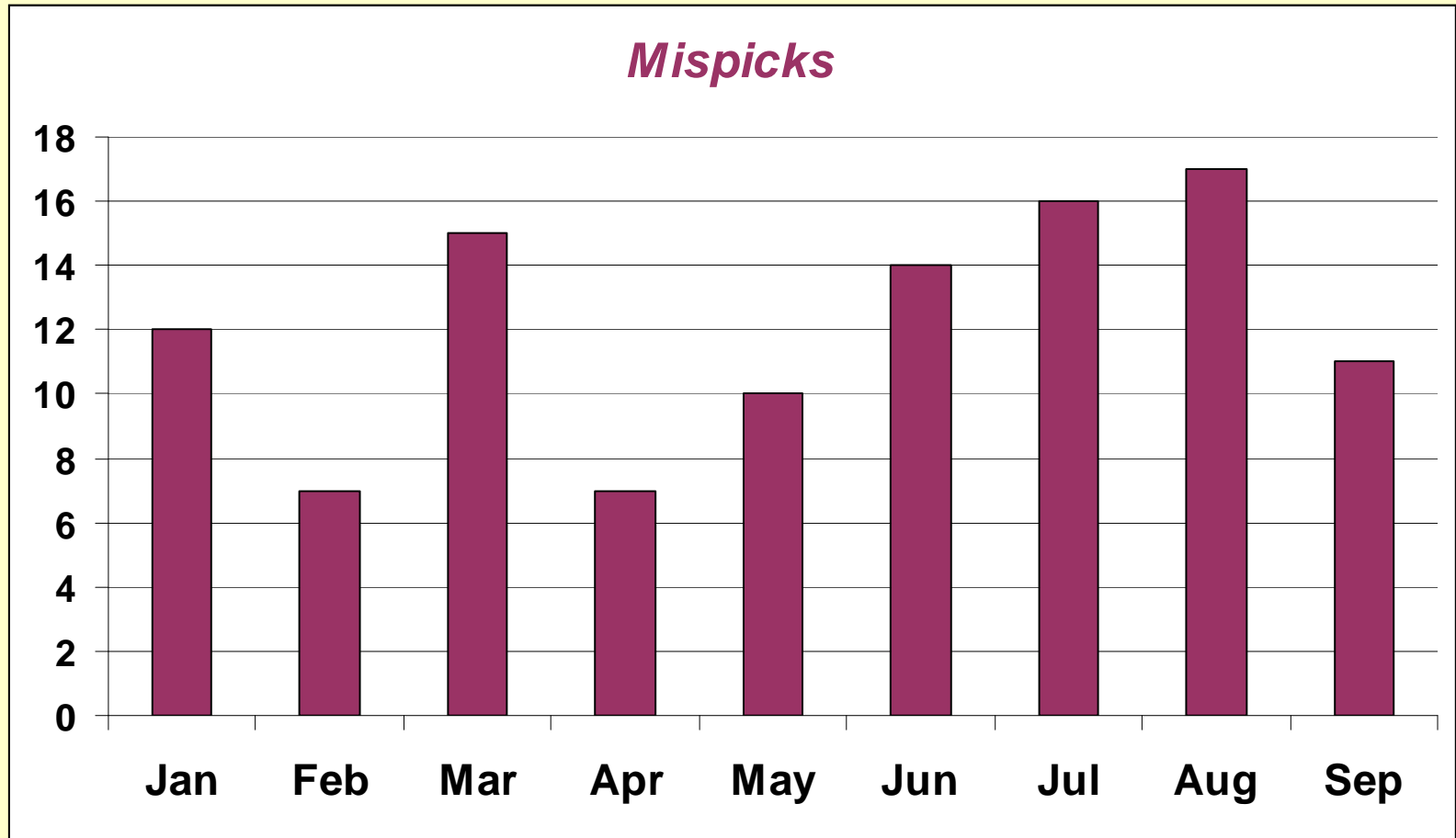
Order Fulfillment

Order Fulfillment continues to rise while at the same time we are supporting additional new stores



New Stores Opened **2006: 9**
 2007: 10

Pick Accuracy



95,477 Tubs of Ice Cream

2,300+ Pallets of Product

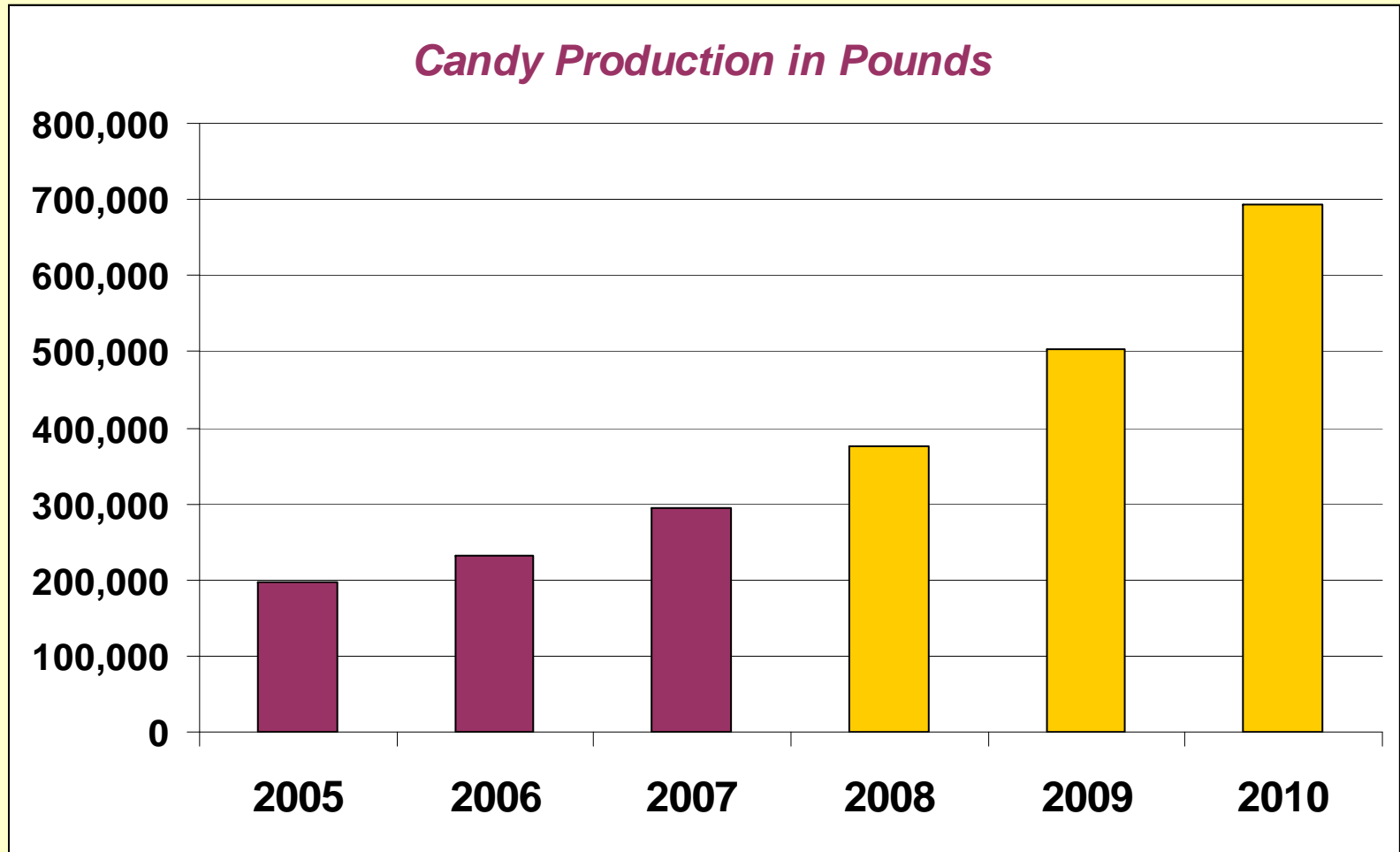
1,200+ Deliveries Completed

Cost Containment

- Contracted Pricing
 - Chocolate
 - Pecans
- Negotiated Discounts
 - 14 Vendors
 - Over 29 Items

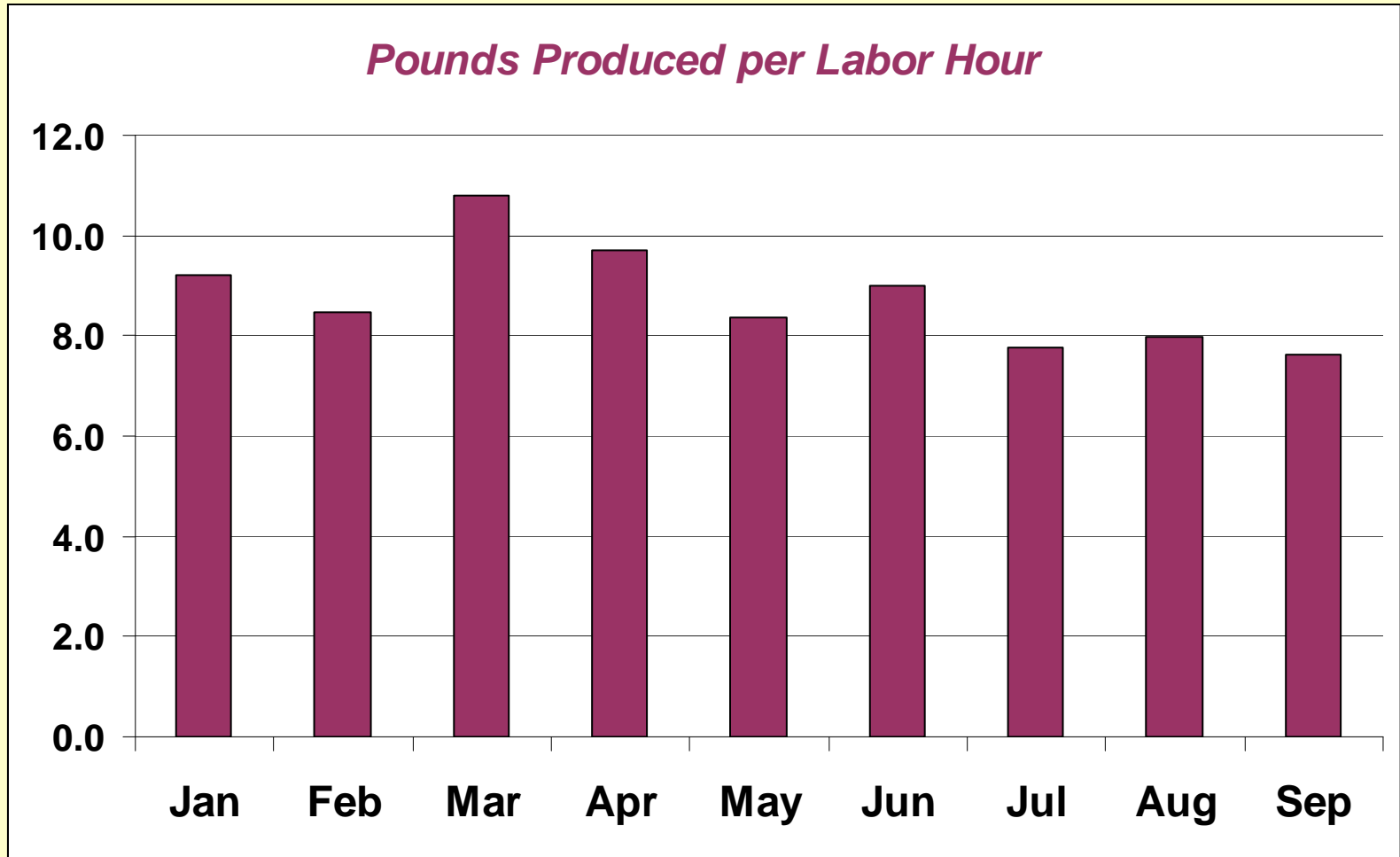
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Planned Production



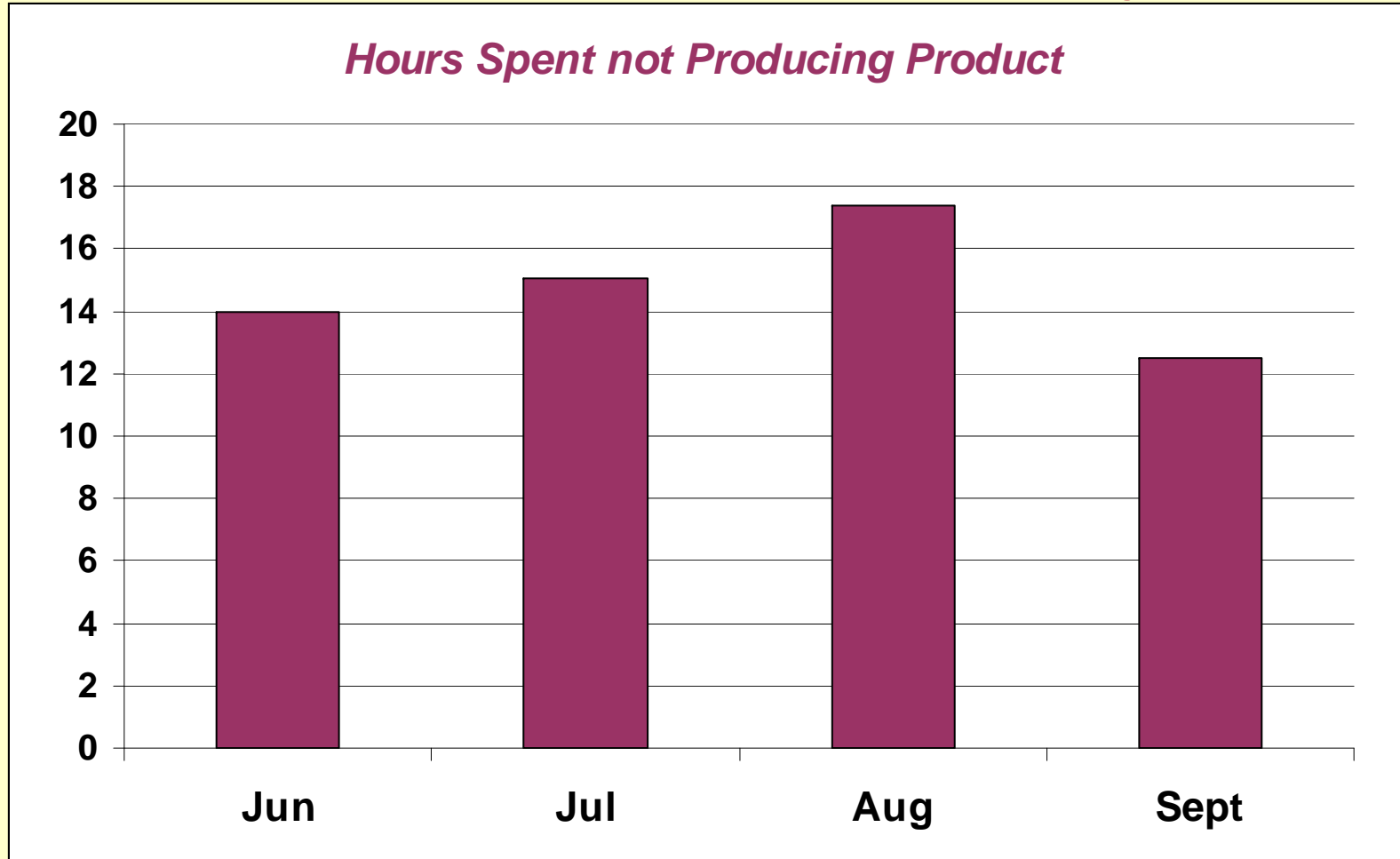
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Production Efficiency



AVG: 8.77 Lbs/ Labor Hour

Enrober Efficiency



AVG: 14.73 Hours/Month Not Running Product

91.3% Efficiency

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2008 Kitchen Focus

2008 Kitchen Focus

- Store Support
 - Additional Truck Targeted for Spring
 - Preliminary Planning Stages for Mid-Atlantic Distribution Center
- Continued Focus on Culture of Excellence
 - Carefully Managed Transition to New GM
- Execute on Continued Store Support and Growth

Kitchen Report 2007

- Every Customer, Every Time
- Building a Culture of Excellence
 - Where Are **We** Going
 - How Are **We** Going to Get There
 - What is **My** Role
- Communicate and Execute



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2008

Store Focus and Support

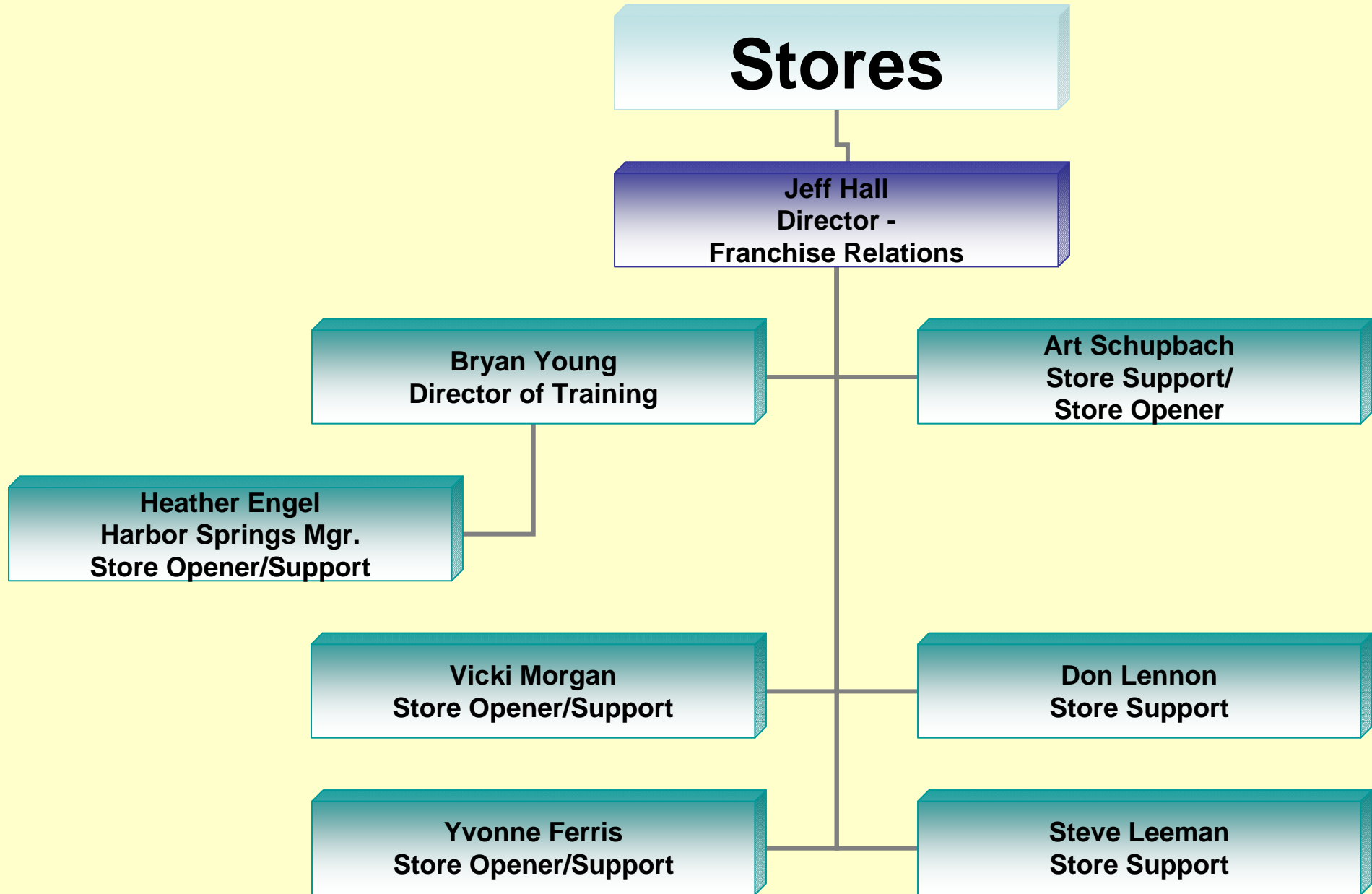


“The best confectionery and ice cream you will ever enjoy!”

Kilwin's 2010 Transformation Roadmap



Store Support 2008



Store Support Vision 2008

- ***Store Consultations and Support***
 - Retail Customer Satisfaction
 - What is the Customer Thinking?
 - Extraordinary Experience
 - Store Profitability
 - Product Sales
 - Product Consistency
 - Develop Structured Support Plan
 - Relationship Building
 - Store Visits and Consultations
 - Surveys



Store Support Vision 2008

- Training and Opening
 - Create Training and Opening Teams
 - Kilwin's "University"
- Profitability Improvement Partner
 - Group Insurance
 - National Purchasing Program
- Brand Development and Support
- Product Development and Support

Store Support Vision 2008

- Every Customer, Every Time
 - Passion
 - Relationship Building
- Significant Increase in Store Visits
 - Drive Sales in Stores
 - Leverage Systems in Place for Store Support
- Focused Support Effort to Drive Outstanding Customer Experience

Kilwin's Transformation Roadmap



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