

Buhi Proposal

Elements of this proposal are still pending; however, this is the current, finalized proposal.



Inbound Shipping

Our baseline analysis indicates the need for four FTL shipments per month from Buhi's Iowa manufacturing plant, 11 FCL shipments from the Vietnam manufacturing plant, and six FCL shipments from the Dominican Republic.

Cumulo will coordinate direct FTL shipments from the Buhi manufacturing plant in Cedar Rapids, Iowa to our warehouse in Memphis, Tennessee. Using FTL offers increased efficiency and cost savings. Cumulo will partner with a freight forwarder that will also coordinate customs and duties to bring FCL shipments from Vietnam and the Dominican Republic to the United States. The shipping containers will be transported from the international manufacturers by truck to the respective ports to be loaded onto a shipping container ship.

Once the ships arrive in the United States and the containers clear customs, the containers will be loaded onto rail cars at the respective ports. Utilizing rail fits within the target timelines and will minimize cost.

When the containers arrive at the rail yard near our Memphis warehouse, short-haul trucks will finish the final journey of the inbound route to the warehouse. We will coordinate with Buhi to properly stagger the production of the products in the various manufacturing plants, especially to optimize shipping from the international locations.

Outbound Shipping

Cumulo will fulfill orders that are received through the integrated WMS from Buhi's retailers. Buhi's retailers must order in whole pallet increments.

Outbound shipments will vary based on the needs of Buhi retailers and will be sent via LTL and FTL ground freight. FTL shipments will deliver to the retailers' distribution centers that are farther away from our Memphis, Tennessee warehouse. We anticipate FTL shipments occurring at intervals exceeding four weeks. The LTL shipments will deliver monthly to the closer retailers' distribution centers.

Cumulo's contracts with LTL and FTL carriers provide a discount from retail rates. Our baseline analysis indicates typical outbound shipping quantities, provided below.

- Riverside, California to receive 24 pallets every six to eight weeks
- Goodyear, Arizona to receive 24 pallets every six to eight weeks
- Tooele, Utah to receive 24 pallets every six to eight weeks
- Atlanta, Georgia to receive 10 pallets every four weeks
- Conklin, New York to receive 18 pallets every four weeks
- Plainfield, Indiana to receive 13 pallets every four weeks
- Smithton, Pennsylvania to receive 18 pallets every four weeks
- Springfield, Missouri to receive 12 pallets every four weeks
- Wheeling, West Virginia to receive 12 pallets every four weeks
- Macon, Georgia to receive 10 pallets every four weeks
- Prairie du Chien, Wisconsin to receive eight pallets every four weeks

Cumulo will fulfill direct-to-customer retail orders by picking Buhi products from pick bins supplied by stored pallets. Orders will be received through our integrated WMS, and we will ship each order using a small-package carrier, RedOx. Cumulo's contract with this carrier provides a discount from retail rates. Buhi retail customers will be able to select ground freight, two-day air, or overnight air for shipping.

Inventory Storage

Cumulo will hold approximately three months of inventory as safety stock, which is advisable due to the long timeframes associated with international manufacturing and ocean freight. This safety stock will be increased and managed by our WMS according to forecasts provided by Buhi.

Buhi pallets will be stored in our rack system. Due to the number of Buhi products, Cumulo will utilize four pallet spaces for the associated pick bins. Pallets will be stored above the pick bins on Level 2 through Level 5. Other Buhi pallets will be stored on the ground through Level 5 of the racks system. Below is a baseline example of storing one month of typical inventory. Cumulo charges for every pallet space utilized during the week.

ADJUSTED WEEKLY WHOLESALE SALES (BASELINE CASE)	
Pallets Sold	
Small Backpack	3
Medium Backpack	16
Large Backpack	8
Messenger Bag	13
Tote Bag	0
Hip Pack	2
Total	42

***Tote bag sales are low volume for wholesale. At a baseline, two pallets are sold per month. Additionally, weekly volume will vary depending on actual sales.*

ADJUSTED WEEKLY RETAIL SALES (BASELINE CASE)		
	Units Sold	Pallets Cleared
Small Backpack	827	5
Medium Backpack	1,898	23
Large Backpack	1,140	14
Messenger Bag	1,506	19
Tote Bag	470	2
Hip Pack	627	2
Total	6,468	65

***Weekly volume will vary depending on actual sales.*

WEEKLY STORAGE (BASELINE CASE)				
	Week 1	Week 2	Week 3	Week 4
Stored Pallets	1,199	1,334	1,249	1,164
Pallet Spaces for Pick Bins	4	4	4	4
Delivered Pallets	244	24	24	144
Total Pallet Spaces Used	1,447	1,362	1,277	1,312