

Gray Matter

Here at Gray, we like to pass on inspiring stories. This one involves one of our customers, pharmaceutical wholesaler/distributor Morris & Dickson, and the extraordinary lengths they go to to deliver their precious cargo.

Headquartered in Shreveport, LA, Morris & Dickson has weathered more than a few storms, including Tropical Storm Allison and hurricanes Andrew, Ivan, Katrina and Rita.



Allen Dickson

Under these extreme conditions, the products M&D delivers - medications and medical supplies - become even more critical to keeping pharmacies and hospitals functioning throughout storm-damaged areas. So when other companies are boarding up and moving out, M&D is loading up and heading in.

During Hurricane Katrina, when the federal government, the U.S. Army and local bureaucracies were overwhelmed, M&D operated almost like it was business as usual.

But of course it wasn't. M&D drivers were navigating traffic jams, flooded roads and dangerous debris-strewn streets. Customer service and warehouse personnel were keeping phone lines open and taking and filling orders 'round the clock. Company vice president Paul Dickson was working with federal and state health officials to create a distribution system to get much-needed supplies to Red Cross-approved shelters and hospitals.

So, how did this established but modest family-owned business tackle such daunting circumstances?

Technology helped. One of the first in its industry to embrace robotic distribution, Morris & Dickson's new 400,000-square-foot warehouse is one of the world's largest mechanizations of the wholesale drug business. Yes, proudly built by Gray.

Technology is just a tool, though. The key to this story is people - the ordinary people at Morris & Dickson, who prove that by working together they can accomplish extraordinary things.

"Our raison d'être, the justification for our existence is to get the right merchandise to the right place at the right time. That's our job. There's nobody going to guarantee us that it's going to be under ideal circumstances."

— Allen Dickson, M&D chairman of the board

Shades of Gray

Bernheim Visitors Center is a Winner!

The Innovative Bernheim Forest Visitors Center featured in a recent Grayway has earned an honor award from AIA Kentucky, the Kentucky Society of Architects. Gray was the general contractor for this "green project" that utilized recycled materials, a "living roof" and many other energy conservation measures. The design architect was William McDonough + Partners, a leader in "green design". Barnette Bagley Architects, PSC, was the architect of record. The jury of out-of-state architects commented: "This project of understated elegance and admirable restraint continues to unfold and reveal itself at each glance. Its openness, warmth, sensitivity to nature and simple details all are seamlessly integrated into a project that 'just feels right.' A very successful response to an admirable mission." Bernheim Forest is near Bardstown, KY, open to the public, and well worth a visit.



Bernheim Forest Visitors Center, Clermont, KY

Gray-I.C.E. Builders Completes Bank Headquarters

Vineyard Bank selected Gray-I.C.E. Builders, Inc. to design and build a new headquarters at Corona Pointe in Corona, CA. The fast-growing regional business bank relied on the I.C.E.B. Team of Dan Rosa, vice president; Kelly Stevens, project manager and Dan Depaul, superintendent to meet high expectations and deliver the three-story, 50,000 s.f. centerpiece of a 52 acre redevelopment site.

This was I.C.E.B.'s first project for Vineyard, the fastest growing bank in California. The interior build-out includes a first floor administrative and human resources hub, second floor management center that controls all system-wide branch transactions, and a third floor of executive office suites. The finishes reflect the bank's commitment to quality as well as the wine-growing history of the region.



Vineyard Bank, Corona, CA

WS News Brief:

SELECT SUZUKI of Frankfort, KY, and a recent customer of WS Construction, has become the first dealership in Kentucky to obtain the Suzuki Square Retail Brand Image certification. Suzuki sales have increased 48% since 2004 and the company's goal is to triple their business by 2007 according to Koichi Suzuki, president of Automotive Operations for the Japanese-based manufacturer who was on hand to help dedicate Select Suzuki's new dealership. WS Construction's scope included a complete showroom renovation, new parts and customer service area and an exterior insulation and finish system applied over existing metal panels.



Select Suzuki Ribbon Cutting, Frankfort, KY



10 Quality Street
Lexington, KY 40507-1450

Alabama, California, Kentucky, South Carolina, Texas,
Virginia and Tokyo, Japan

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Grayway

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Distribution Centers—
Are Key Links in the
Supply Chain

Exploring Rule One:
Managers Manage.

Avoid these Mistakes
in Building Your New
Distribution Center

Re-Linking the Supply Chain the Evolution of the Warehouse



images have been replaced by light, clean and computer-driven distribution centers utilizing the latest technology and skilled workers to inventory and move goods in tremendous volumes at lightning speed. Another positive is that desirable distribution jobs are replacing some of the oft-lamented manufacturing jobs that have moved offshore."

Jeff, who works closely with economic development professionals across the country, has spotted another trend: "Economic developers used to believe that distribution centers were almost a necessary evil, taking up valuable commercial land that could better be used by a more desirable business. That's no longer the case. Take one of our top customers, Dollar General for instance, and you find out that when they put a new D.C. in a community the impact is significant. Six hundred to seven hundred jobs with good wages and fringe benefits are created with a local impact of many millions of dollars."

* Gray is ranked 12th in the US among builders of Distribution Centers and Warehouses *Engineering News Record "Top 400 Contractors" Sourcebook.* – October 2005

Gray's Stake in Distribution

- Over the past 30 years
- 172** Distribution Projects
- 49** Million Square Feet
- \$3.0+** Billion Construction (present value)

Dollar General has 8 Distribution Centers in Operation Averaging Over 1 Million Square Feet Each

In addition to the new facility in Jonesville, SC, they have retrofitted existing D.C.'s in Virginia and Oklahoma. Dollar General is the oldest, and fastest growing "dollar store", on average, opening 2 new stores every day.



Distribution Centers— are Key Links in the Supply Chain

In the beginning they were called warehouses. Filled with pallets of goods waiting to be sold and peopled by a few low paid workers, these buildings were not viewed as contributing much to the local economy. Warehouses were low-tech at best, terms like "supply chain", "lean logistics principles" and "W.M.S. (warehouse management system) technology" were not yet part of the jargon.

But things have changed.

Distribution Comes of Age

We cannot pick a time to mark the evolution, but warehouses have graduated—emerging as sophisticated and technically driven distribution centers essential to a company's bottom line. Closer to home, distribution has become one of Gray's leading business markets illustrated by our ranking as 12th among the "top twenty" in distribution and warehouses*.

We spoke with our own Steve Summers, executive vice president, distribution market at Gray, for some insight into how the business has dramatically changed and taken on new importance. Steve has been with Gray for more than 25 years and has overseen much of the 49 million square feet of distribution space that Gray has designed and built.



Steve Summers

"Everyone depends on efficient distribution, and in fact most of us take it for granted," says Steve. "For instance, folks in Kansas, and nearly everywhere else far from an ocean, can now get fresh seafood daily thanks to a sophisticated distribution system. And because of our good customers, like UPS and FedEx, America's goods move through distribution centers to customers around the world at amazing speeds. Technology is growing by leaps and bounds, so at Gray we must embrace it, keep abreast of it, and be able to deliver it to our customers as continuous cost reduction and increases in productivity are the bywords of this industry."



Jeff Bischoff

Jeff Bischoff, Gray's vice president, business development, distribution market, chimed in to add that there are misconceptions that have plagued the distribution industry. "Distribution centers have long been perceived as big old dark warehouses, strictly low-tech with undesirable low skilled, low paying jobs. Fortunately, those

Exploring Rule One: Managers Manage.

A recent blind survey of a few long-time customers revealed some wonderful insight on managing the business of building distribution centers. One reply was as prophetic as it was practical; "Surround yourself with people you trust, who do what they say and live up to every commitment. You must have people who will be your partners, not simply vendors." At Gray, we depend on people like Steve Summers and Jim Crupper (architectural studio leader) whom we have worked with for years and who understands our company and our needs.

A second reply spells out the process for a successful project; "Don't expect flawless execution from people, but be prepared to support them to achieve the needed results. Flexibility is the key. Don't assume everyone has correctly interpreted your wishes: you have to get clarity. You can do this through a 2 or 3 day partnering session with everyone on a project; the design-builder, sub-contractors and vendors all together at the same time to hammer out every detail."

Avoid these Mistakes in Building Your New Distribution Center

After speaking with some Gray customers and Gray team members, we arrived at this list:

- Not setting high enough goals—people will rise to the occasion.
- Not expecting improvement on every job.
- Not expecting great flexibility in people.
- Not selecting the right site. Inbound as well as outbound transportation costs, utility costs, taxes, development costs, and a myriad of other factors must be considered. Perhaps the most important, is the availability of a workforce that is motivated, educated, trainable and willing to put in a fair day's work for a fair day's pay.
- Not creating an atmosphere where employees find great job satisfaction and self-worth. Many studies over the years have shown that this is the single most important factor in retaining productive employees.
- Not managing relationships with partners.
- Looking only at a least cost initial expense rather than life cycle costs.
- Failure to continuously communicate with local and state leaders.

The Customer/Gray Relationship

As one of our repeat customers sums up: "Gray's attitude is that they can compete in every geographic market we serve. They have been wonderful partners for many years. They are always on the cutting edge, always looking for the best, most efficient ways to do the job. Gray listens, and more importantly, they react intelligently to what they hear. Gray has never missed a schedule date and never failed to execute the plan. We are dependent on Gray to keep us abreast of best practices in every phase of designing and building our D.C.'s. For example, Gray's studies have resulted in retrofitting lighting for increased energy efficiency in our older distribution centers."

Steve Summers and Jeff Bischoff agree wholeheartedly with one Gray customer who, when asked for the single most important piece of advice for other owners looking to build a D.C., said, "Look to Gray for design and construction of course!"



Dollar General Distribution Center / Marion, IN

Gray's Stake in Distribution

Current Distribution Projects Under Construction

- Dollar General** Marion, IN / 1,114,447 Square Feet
- IKEA** Savannah, GA / 763,200 Square Feet
- Medline Industries** Orlando, FL / 150,000 Square Feet
- The Procter & Gamble Co.** Lima, OH / 1,135,000 Square Feet
- R&L Carriers** Jacksonville, FL / 132,936 Square Feet

