

# SHOR-LINE

**SCHROER MANUFACTURING COMPANY**

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## **To Whom It May Concern:**

My name is Jeff Bakalar. I am the acting CFO of Schroer Manufacturing Company, one of the largest manufacturers of companion animal care equipment for the veterinary and grooming industries in the world. Our corporate office and main production plant are located in Kansas City, Kansas. We also have production plants in Grain Valley, Missouri, Conroe, Texas and an affiliated company in Vale of Glamorgan, United Kingdom. Our product line includes everything from kennels, exam tables and surgical instruments for the vet industry to dryers and grooming apparel for the grooming industry, and our customers range from large national retail chains to locally owned mom and pop vet clinics located throughout the United States, Europe, Mexico, Canada, Australia and South America.

I am writing this letter of reference for Transportation Logistics Services because I have experienced first-hand the positive impact they have had on our company, employees, customers and our bottom-line.

I first agreed to meet with TLM early in 2002 because I wanted to explore opportunities to reduce our shipping and receiving costs, provide better customer service and satisfaction and internally improve our shipping and receiving processes. They impressed me with their confidence that they could provide competitive pricing while improving my processes and service, both internally and externally.

My first step was to provide them 2-3 months of Bills of Lading and corresponding invoices so they could perform a detailed cost analysis and provide competitive pricing. They were not only able to be competitive, but came back with a pricing and service offering that was a significant improvement to what we had in place. I also was able to contact client references that they provided and heard many success stories ranging from reducing costs to reducing claims and providing better customer service. The thing that impressed me the most was their apparent ability and willingness to act as an extension of my own traffic department, providing numerous value added services that we did not have the time or the expertise to provide ourselves.

My next step was to convince the people above and below me to think outside the box and consider this new opportunity. The traffic department was reluctant as first, but once they saw the analysis provided by TLM and learned that the services provided by TLM would reduce their workload and enhance their ability to serve their customer, they were ready to give it a try. The company owners were more reluctant to a change, but after numerous meetings, agreed to try TLM on a trial basis.

We ship and/or receive 8-22 shipments per day. During our trial period with TLM of approximately 45 days, we gave them 1-3 shipments per day. During this time we evaluated their cost compared to the carriers we were using and consistently validated

that we saved significantly each time we used TLM. Throughout the trial period and beyond, TLM worked actively with us to focus on opportunities for improvement and began to assist us in the design and implementation of our own internal process improvements.

It soon became apparent that in addition to the obvious "hard" cost savings we realized in our transportation costs, we began to realize that the value-added services they were providing were affording us an obvious "soft" dollar savings in reduced work for our traffic department, reduced rework and improved customer satisfaction. Within 3 months, we made the decision to make TLM our primary transportation provider and now use them on all LTL, expedited, show freight, Truckload, Flatbed and International moves.

During our first 6 months in partnership with TLM, our costs have been reduced and our services have been improved as follows:

- LTL transportation costs are down 12% - 17%
- TL transportation costs are down 15% - 20%
- Expedited transportation costs are down 18% - 50%
- We have established a sound show-freight process ensuring our freight moves to and from each show location on time and in a cost efficient manner.
- Our claims have been reduced and a process is in place to file claims accurately and timely.
- TLM traces any shortages and handles all damage reporting with the carriers. This frees up the time of our traffic department and ensures that potential claims are handled properly and consistently.
- We have established an inbound routing program for all of our suppliers resulting in our receiving our products quickly at a reduced transportation cost.
- TLM set up a rate quote program for use by our customer service group which provides accurate rates and has helped convert our transportation costs into a profit center.
- TLM developed a program which allows sales representatives to provide their customers on-site quotes while at exhibition shows and while at the customer location. This has resulted in increased sales and ensures accurate quotes in covering our transportation costs.
- We established a return program which provides improved inventory control and ensures our pricing is applied to every return shipment.
- TLM developed a routing guide which allows us to ensure we are using the most cost efficient transportation method while meeting our required service time needs.

Although this list is not conclusive and new opportunities are being identified and addressed on an ongoing basis, I believe this partial list illustrates the positive impact our partnership with Transportation Logistics Management has afforded us.

If you would like to discuss these or any other issues during your consideration process, please feel free to contact me at (913) 281-1500.

Sincerely,  
Jeffrey A. Bakalar  
Schroer Manufacturing Co. and related subsidiaries