

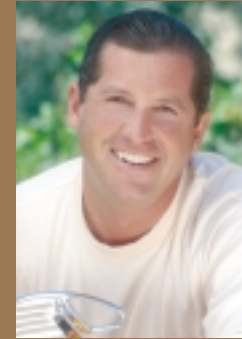
# AMWARE NEWS

December 2004 • Issue #3



**“Employing the care and skill necessary to deliver a product or service that the craftsman himself would be proud to use.”**

## A Message from **OUR PRINCIPALS**



**Mark Wilhelm**  
Chief Executive Officer



**Jim Smith**  
Chief Operating Officer

Early this year, we decided to set ourselves apart from other companies in our industry by first, focusing inwardly and directing our processes and employee attention toward craftsmanship; and a more finely tuned approach to serving our existing customers. As we bring new customers into the Amware family they will and do receive the benefit of our focus. The result has been exactly as intended.

We have one of the finest workforces in the third-party logistics industry. Our associates are in tune with the industries that we serve, and with the types of services required by the customers within those industries. Our associates have been encouraged to think freely and to be creative, allowing them to participate in the development of, as well as the execution of the solutions that we provide. We have watched our associates become participants in delivering value – participants in delivering quality. And we have seen the benefit of having a fully engaged workforce. There is no longer a “job”; it is a career.

We have a thinner, more focused management team. Our reporting system has been perfected to include all of the key management drivers in a concise and effective manner.

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Para bajar las noticias en español, visite nuestro website a [amwarelogistics.com](http://amwarelogistics.com)

Communication has been improved affording even more responsiveness to our customers needs.

**We are delivering far more for less – at a time when our competitors are delivering far less and demanding more.**



As a result of our efforts this year, our corporate culture is one of craftsmanship, quality and value. We have happier, more dependable employees who correctly view themselves as part of something important.

We have positioned our company to optimally service importers, manufacturers, distributors, retailers, exporters and fulfillment companies by offering cost-appropriate solutions and services that are resource-rich, scalable and efficient.

We have invested in our facilities and in our workforce to prove our dedication to our employees and our customers. Once again, we are prepared to approach new customers with proven capabilities, new and improved resources and the best employees in the business.

We all have a lot to be proud of. We have continued to improve year after year, with 2004 being one of our finest. We are very proud of our management team and our associates for once again proving that Amware Logistics Services is one of the finest third-party logistics companies in the industry. We hope that our associates and our customers share in that pride. We are a unique company, with a unique culture. We provide unique services.

To our associates, please allow us to extend our warmest regards to you and your families. May the 2004 Holiday Season bring you joy and happiness!

To our customers, vendors and prospects, please accept our wishes that 2005 continues to define new levels of prosperity and success for your companies.

From our families to yours,

Mark J. Wilhelm, C.E.O. & Principal

Jim Smith, C.O.O. & Principal

## A Value-Added Methodology

“Value-added” warehousing has received so much attention from the press and trade-associations in recent months that many of our customers are inquiring about our capabilities in this area. Many are not aware of our rich experience in areas such as sub-assembly, light manufacturing, contract packaging and assembly.

All of our services are designed, engineered, implemented, monitored and continuously improved through our Customer Solution Development Team. This team develops resource plans and process maps for every service we provide, including value-added services.

Amware Logistics Services continues to perform services that our competitors consider too difficult or too low margin. We manage these services in conjunction with the warehousing and transportation services for which we are well known. And we do so in a cost-appropriate way, many times reducing our customers’ logistics expense by huge percentages.

We have been inspecting and repairing pallets for CHEP USA since 1990. What many people do not know is that we operate 15 facilities for this express purpose. As a result of this relationship, we have become expert at the establishment and management of contract warehouse operations, opening 13 facilities in new geographic areas in just under 11 months. We have perfected a system for pallet repair that generates low cost, high quality output. In 2004, we processed nearly 40,000,000 pallets at our facilities.



Specialized pallet sortation equipment is utilized in many of our operations. This equipment is acquired and maintained by Amware as part of our agreement with our customer.



Pallets that require repair are “remanufactured” by well-trained craftsmen, utilizing specialized tools and procedures that have been refined by Amware over time, to speed production, reduce injury and lower cost.

A key “value-added” service that we have been providing for many of our customers is contract packaging. These services take on many shapes, and allow Amware to fully employ our system, facility and personnel resources.

Essentially, contract packaging, sub-assembly, light manufacturing and other value-added services require resources that we maintain at all Amware locations. Those resources; space, labor, equipment, management and systems are the ingredients of all “value-added” services.

Amware’s value-added services capabilities provide a methodology for speeding our customers’ products to market, without any unnecessary delays or re-handling. There is no need to incur the extra cost and time moving goods from our warehouse to a contract packaging company, and on

to a customer, or even to return the product to us again once packed for further storage. At Amware we help our customers to achieve their goals with accelerated time-to-market, reduced investment in manufacturing, shorter lead time requirements and a rapid, low cost expansion of their manufacturing capacity.

Our company is dedicated to crafting customer-focused, quality-driven, cost-appropriate logistics solutions that smooth product flow, more efficiently manage inventory and trim costs for any size organization.

Several of our clients have begun to utilize Amware for the outsourcing of their co-packaging and light manufacturing. Having Amware perform the warehousing and packaging has allowed these customers to maintain their focus on product sales and market development.

For example, a manufacturer specializing in energy enhancing food and beverages, approached Amware to set up a repackaging operation at our Atlanta distribution center. The product is manufactured into cases of 24 - 8 ounce cans. Amware designed a solution to repack their 8 ounce energy drinks into "refrigerator convenient" 4-pack sleeves. This allowed the customer to sell these products into convenience stores, retail grocers and specialty health food stores in quantities that meet their respective consumers' buying patterns.

Another of our warehouse clients, with a product line consisting of disposable razors, shaving creams and gels, and skin care products, has contracted with Amware to perform many value added services. These services include the production of promotional products such as "Buy One-Get One Free" promotions, and introductory product offerings.



Multi-packs can be created to enhance the salability of an item through a certain type of retailer. These "club-store" packs make it possible for our customer to sell more products to each consumer through club stores such as Sam's.



Often times, a low cost assembly line can be set up and torn down as needed to augment manufacturing capability right at the warehouse.

In this operation, we might shrink wrap two or more cans of product together in a heat tunnel, creating a "club store" pack or a multi-pack of mixed items. In other cases, we might shrink wrap a can of shaving cream together with a free razor. We may even build an entire inventory of these items, construct a corrugated aisle-end display unit, and fill the display with product for shipment to the retail trade.

We have other customers for whom we pack and fill retail bags. We collect and store raw materials, packaging materials and printed matter. When the time comes to package the goods, we create a bill of materials, select the necessary components for filling, process the products through a mechanized packaging line, and fill the bags. The raw materials and components that we initially receive are all converted into finished goods for distribution to mass retailers.

This is all done cost effectively and with a high regard for quality.



Convenient 4-pack cases of this customers energy drink were created at the warehouse - without the additional expenses of moving the goods out to a "co-packer" and then back to the warehouse.



Setting up a packaging line in the warehouse, which can later be converted back into storage space, is a cost effective way to reduce co-packing cost.

Even the simplest equipment can yield the flexibility and resourcefulness needed by our customers to create exciting new products. Amware is a Solutions Company!

Amware provides the resources to perform these services Just In Time and at the optimum quality!

**For information about how Amware can assist you** with your packaging, light manufacturing, sub assembly and other value added service requirements, contact us at [www.amwarelogistics.com](http://www.amwarelogistics.com), or call Bob Moran at (708) 906-2043.



**Robert J. Moran, President**

***We staff  
a highly  
trained  
team  
to develop  
solutions for  
our customers'  
most difficult  
logistics  
challenges***

# STARTING-UP A New Warehouse Operation

## Start-Up Functions

- Real Estate Procurement
  - Industrial Engineering Design
  - Protection System Installation
  - Cross-Functional Start-up Team Management
  - Information Technology Execution
  - Machinery Purchasing / Leasing
  - Forklift and Propane Contract Negotiation
  - Parts Supplies Inventory Development
  - Waste Management Contract Agreement
  - Personnel and Liability Insurance Program Implementation
  - Human Resource Protocols and Controls Dissemination
  - Daily Labor Supervision and Facility Management
- 
- **CALL AMWARE TO MANAGE THE PROCESS AND OPERATE THE FACILITIES!**

A warehouse – is a warehouse – is a warehouse. That’s easy to say after all of the “behind the scenes” work is complete. BUT – before the boxes start to move in and out of a warehouse, months of planning, preparation and execution are spent to get all of the necessary elements in place to be able to operate. There are real estate issues, equipment purchasing, industrial design, human resource issues, systems and IT issues and a whole host of other details that precede the receipt or shipment of the first box.

When selecting a third party warehouse operator to establish a new warehouse location, customers should consider a provider with experience in all of the disciplines necessary to manage the start up of a new warehouse – from concept to completion. A novice in this area can cost a customer hundreds of thousands of dollars – and an experienced professional company, such as Amware, can find ways to save hundreds of thousands of dollars.

As demonstrated in the following example, Amware Logistics Services has the experience needed to start up new warehouse operations. We have been crafting quality driven, cost appropriate solutions for our customers since 1989.

Amware Logistics Services recently managed a huge expansion of a warehousing network for one of our largest customers, CHEP USA.

In May of 2002 CHEP USA contracted Amware Logistics Services (ALS) to add 13 new warehouse locations, expanding the service that ALS provided at the time from three (3) facilities to fifteen (15) facilities nationwide. Operationally, ALS was providing a valuable service to CHEP in a high quality, low cost environment. CHEP wanted to consolidate its repair operations under fewer providers, and was very happy with the methods and processes employed by ALS.

Under the leadership of our principals, Mark Wilhelm and Jim Smith, a team was assembled that consisted of managers representing several disciplines. Focuses included real estate, human resources, purchasing, safety, quality, industrial engineering and operations. This Solution Development Team worked very closely with CHEP to define what the geographical and customer service goals were in refining the warehouse network.

With a clear vision of what was needed by CHEP, and armed with our operational process maps, our team set out to find the best real estate solutions, the best locations from a human resource availability perspective, and locations that best fit the transportation patterns of CHEP’S larger customers.

Our first step was to relocate one of our 3 existing operations in Jacksonville Florida. We purchased a "perfect facility" for the handling, storage and repair of pallets. Over the subsequent 11 month period, we opened thirteen (13) new facilities at breakneck speed. There were challenges – some anticipated and some unforeseen – but our team gracefully overcame every obstacle ahead of schedule and under budget.

The Solution Development Team that we put together traveled to 15 cities over an extended period during the start-up phase of our expansion with CHEP. A communication system – rooted in the Gantt Charts and Progress Reports for each location – kept the team on target and sharply focused. When a new location was ready to go "on-line", members of the Solution Development Team were there to help the local management and employees get off to a solid start.

Once our goal was met, and all 15 facilities were up and running, the Solution Development Team members were folded into the operational day-to-day management team that services CHEP. The teams enthusiasm for the success of the CHEP full service center operations, and their first-hand knowledge of how these centers work to help us maintain exemplary levels of customer service for CHEP and their customers.

We now operate 15 facilities in 10 states, and process nearly 40 million pallets each year – roughly 20% of CHEP USA's total volume. Our CHEP contract warehouse operations occupy over one million square feet of warehouse space and serve CHEP's biggest customers such as Proctor and Gamble, Kellogg's, Nestle, Ford & GM, Wal-Mart, Home Depot, and Kraft Foods to name just a few.

Not every warehouse operator has the capabilities to locate and develop the assets necessary to start-up a new warehouse operation. Amware Logistics Services maintains all of the necessary resources and capabilities to help our customers grow and improve their supply chains in an efficient and cost appropriate manner.

**For more information about Amware's Customer Solution Development Team,** or to contact any of us to begin crafting a solution catered to your needs, please write or call our sales and marketing team today: [sales@amwarelogistics.com](mailto:sales@amwarelogistics.com) or 970/ 748-6700.



**AMWARE**  
LOGISTICS SERVICES

**Any logistics company can meet your expectations.**

*We won't quit until we exceed them.*

# Amware Success Stories & Customer Appreciation

"I can honestly say that working with Amware over the years has been like working with family."

*Shawn Sallustio*  
CHEP Regional Manager – Operations

"We were having a difficult partnership with our logistics provider, and had to move our product out fast. Amware was willing to help. Since the move to Amware we do not worry about our product being in the wrong hands anymore, and can concentrate on sales."

*Jeff Cooley*  
Regional Salesman – RB Scott

"Folex has yet to be faced with a logistical challenge that Amware hasn't been willing and able to overcome."

*Barrett Lash*  
President – Folex Northwest

"Being a new Plant Manager here at QP – ATLANTA it has been my pleasure to deal with Amware. All of my conversations with Amware have always been delightful, professional and responsive. Honestly, it is one less thing I need to deal with on a daily basis allowing me to focus on our primary job of manufacturing envelopes. Amware handles, for us, about 7500 finished good pallet locations at any given time, their accuracy is wonderful and this enables us to be accurate and thus successful to our customers."

"They are a very customer driven organization, constantly trying to exceed each individual customers' requirements. Our success is dependent on their being successful and we do NOT take this outsourcing decision lightly, we are confident in their handling our distribution and warehousing needs."

*Joe Urso*  
Plant Manager – Quality Park, Atlanta

***Crafting quality-driven,  
cost-appropriate solutions  
for your warehousing and distribution needs***

# Amware's "Master Craftsman"

Since the inception of our Craftsmanship program at Amware Logistics, we have been measuring the progress and performance of every employee, seeking to find the best of the best. Craftsmanship is a way of life. People who live a lifestyle of craftsmanship express excellence in everything that they do – good enough just doesn't do!

It is with great pride that we present to our customers, prospects, vendors and fellow employees of Amware our first three associates to be awarded the status of "Master Craftsman".

**John Blanda – Houston, TX**

**Bobby Lewis – Indianola, MS**

**Gabriel Ramirez – McDonough, GA.**

To earn the designation of "Master Craftsman", these associates were commended by their fellow employees, supervisors and managers. Key indicators of craftsmanship at this level are;

1. Exemplary floor level leadership skills
2. Mastery of several job functions required in the delivery of our services
3. Outstanding safety and attendance record



As Master Craftsmen, these associates will be called upon to assist in the supervision and management of fellow employees. They will be lead participants in training and continuous improvement initiatives. They will be participants in process improvement and customer focus meetings among our management team.

For consideration as a Master Craftsman associates must meet three criteria: 1) Associate must have been with the company for at least one year; 2) Associate must have achieved a minimum score of 40 points (excellent) on his most recent employee evaluation; and 3) Associate must be certified in a minimum of 3 non-related disciplines in the Amware Training and Certification program.

I speak for all at Amware Logistics in congratulating these fine associates. Their hard work and career focus sets the example for all of us to follow.

Keep up the great work!

Rob Doyle  
Director of Operations

# Distinguished Craftsmen OF THE MONTH!

At Amware we pride ourselves on hiring employees who are craftsmen in their chosen profession; we continually train to that highest standard. Occasionally, our employees will raise the bar and distinguish themselves amongst their peers.

We believe that extra commitment is deserving of special recognition. So each month we honor employees who have demonstrated an extra level of craftsmanship on the job with the designation of Distinguished Craftsman.

Congratulations to the following 3rd Quarter, 2004 recipients

**Atlanta (Hapeville), GA**

July: Laurel Gomez  
Aug: Jose Perez  
Sept: Thomas Zackery

**Benson, NC**

July: Bernardino Santamaria  
Aug: Jose Rodriguez  
Sept: Jose Perez

**Birmingham, AL**

July: Miriam Estrada  
Aug: Jorge Monroy  
Sept: Javier Reducindo

**Charlotte, NC**

July: Jorge Alonso  
Aug: David Pate  
Sept: Roberto Orozco

**Elloree, SC**

July: Arturo Gonzales  
Aug: Lucas Quintero  
Sept: Maceo Brantley

**Hammond, LA**

July: Ronnie Pellichino  
Aug: Anthony Arnone  
Sept: John Poolson

**Denver (Henderson), CO**

July: Otoniel Perez  
Aug: Jerrica Lee  
Sept: Abimael Delgado

**Houston, TX**

July: Johnnie Newsome  
Aug: John Blanda  
Sept: Amber Carroll

**Indianola, MS**

July: Alaric Jefferson  
Aug: Terranio Peterson  
Sept: Bobby Lewis

**Jacksonville (ALS), FL**

July: Enrique Ruiz  
Aug: Francisco Cruz  
Sept: Aaron Tobler

**Jacksonville (APS), FL**

July: John Twyford  
Aug: David Melo  
Sept: John O'Berry

**Lakeland, FL**

July: Albertano Hernandez  
Aug: Leon Jones  
Sept: Javier Tabias

**Mauldin, SC**

July: Javier Fernandez  
Aug: Francisco Cervantes  
Sept: Jaime Cervantes

**McDonough, GA**

July: Aurelio Lopez  
Aug: Jose Tornes  
Sept: Etta Thompson

**Petersburg, VA**

July: Juan Romero  
Aug: Luis Flores  
Sept: Natalio Ortiz

**Pompano Beach, FL**

July: David Huber  
Aug: Syro Flores  
Sept: Juan Torrez

**Salem, VA**

July: John Scott  
Aug: Harvey Pierce  
Sept: Tony Coronado

## *The Future of Logistics in the Auto Parts Industry*

This past October, Amware representatives took part in a panel discussion at the Automotive Market Research Council's Fall Conference. The audience consisted of 50 market researchers and auto parts manufacturers.

Amware's proven logistics expertise, in conjunction with market specific representatives from Midas, Asset Recovery Services, and Federal-Mogul, offered a conceptual dialog covering trends and triumphs from brakes to hoses, cars to trucks. Much of the discussion revolved around the traditional 3-step methodology involving Manufacturers, Warehouse Distributors, and Jobbers, and the time-to-market and margins associated with each. Amware's representatives showed an impressed audience that there might be a "better way", an "Amware Solution!"

Auto Parts distribution is yet another focus of ours at Amware – We can help you speed your products to market and reduce the middle-man!

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*Crafting quality-driven,  
cost-appropriate solutions  
for your warehousing and distribution needs*