

Ready, willing & enabled

Technology, transportation and flexibility make Merchants Terminal Corp. a seamless logistics partner.



Merchants executive team members (clockwise from lower left): Ernie Ferguson, vice president, sales; Dave Eden, vice president, administration; Harry Halpert, president; and Ken Johnson, vice president, operations.

Forget about the game, "20 Questions." For a moment, just consider these three.

What if you could shorten lead times and improve inventory control while reducing handling and transportation costs by as much as 15 to 20 percent?

What if you could maintain absolute product quality throughout the cold chain and eliminate all logistics-related overhead and expenditures (freeing up capital to reinvest in new product development and marketing)?

What if you could better serve customers while improving the efficiency and productivity of your sales force?

Merchants Terminal Corporation ("MTC") is the answer that many companies have come to rely upon. In fact, MTC is relied upon to be its customers' logistics department.

MTC's customers have the confidence to outsource this type of responsibility because they know MTC employs some of the most experienced people in the industry, trains its people well and operates with integrity.

As Ken Johnson, vice president of operations and a

14-year-company veteran, describes, "Our customers' needs are ever changing. Moreover, they have to be able to change and react to the needs of their customers, the retail and foodservice operators.

"Because our people are experienced and understand both sides of the customer equation (processor and end-receiver), we're able to change game plans, improvise and make decisions quickly. There's no bureaucracy here. It's about making whatever decision is best for the

customer. That's goal Number One because we realize that we are an extension of our customer."

President Harry Halpert elaborates on Merchants' efforts behind the scenes.

"Years ago we realized that we should be perceived as our customer's logistics department," he says. "That meant we needed to make certain investments to make our service completely seamless. We've spent the past four years developing a web-based solution that communicates our customers' inventory data needs to them in real time and in an easy-to-use format."

This is but one example of the type of strategic planning MTC's customers have come to expect.

Says Mr. Halpert, "After all, if our customers think of us as a division of their company, we better act as such. This means constantly thinking strategically, whether entering into joint ventures to more cost-effectively compliment our services or making multi-million dollar investments to improve our refrigeration systems."

MTC has the foresight and financial wherewithal to act this way due to the wise decisions made by this 76-year-

Transportation:

Going the last mile with MLogistics®

Think of it as "going the last mile" for the customer. Although Merchants Terminal had long offered a range of warehousing services, the Maryland-based company could never claim to be a full-service logistics provider.

That is until now.

Last fall brought the debut of MLogistics®, a comprehensive over-the-road transportation program. MLogistics® is a Merchants subsidiary and a joint venture partner with a national transportation and logistics provider, The Arthur Wells Group (AWG), St. Louis.

Utilizing AWG's established carrier network, MLogistics® offers truckload service as well as freight consolidation from Merchants locations in Baltimore, Landover and Jessup, Md. While the network rivals any of its kind serving the East Coast, MLogistics® likewise provides on-time weekly shipments to anywhere in the nation's lower 48 states.

"This offering comes at a time when we've seen small and mid-sized processors shrink back from their earlier regional distribution center networks," notes Ernie Ferguson, Merchants vice president of sales. "Processors want better control of their inventories and – rather than spreading volumes out in cities like Philadelphia and Atlanta to serve the East Coast – they'd rather use one facility to distribute to a much more comprehensive area.

"People are re-thinking their transportation program because that's where the big dollars are in the distribution channel," he says. "Now, with our LTL consolidation program, customers can realize as much as 15-percent to 20-percent savings and have better control of their inventory. They don't like the idea of having multiple groups contracting with carriers. We've had a number of discussions with customers about how we can help them effectively target the entire East Coast, for example, from one distribution center. It's all about control and reducing out-of-stocks."

Fast Fact

Three hours every Saturday. That's how long it used to take for one of Merchants' customers to reconcile their inventory and shipping records. Now, that same process takes only 25 minutes on a weekday thanks to Merchants MVision® weekly flow process reports, which can be downloaded as an Excel spreadsheet and imported into a customer's legacy system!

old company (Maryland's oldest and largest cold storage operator). MTC daily serves the eastern United States from the middle of the Mid-Atlantic's North-South corridor. Company locations in Baltimore, Jessup and Landover, Md., are within 300 miles of 40 million people.

Being so close to such a large population base puts MTC's locations near distribution centers for such major retailers and retail distributors as Ahold (Giant of Landover & Pennsylvania) Wal-Mart, C&S; as well as foodservice distributors Sysco, US Foodservice, DOT foods, and PFG. Each distribution center offers retail and/or foodservice case picking, transloading and cross-docking. They also can receive and ship product via truck, container or rail.

"Some people have perceived us as a pallet-in, pallet-out operation," says Ernie Ferguson, vice president of sales. "But the truth is most of our business is complex, case-pick programs which have to integrate administrative know-how as well as labor proficiency. Recognizing our more southern position relative to the Northeast, we recently added a consolidated distribution program. That was important to round out our service offerings. We now can truly act as the complete logistics department of our customers."

MTC's locations operate temperature-controlled space (-20°F to +36°F) with personnel trained in handling everything from frozen ice cream and entrees to refrigerated meats. All of MTC's supervisory and plant management attend the three-year course study provided by the World Food Logistics Organization.

Meanwhile, company sites also are familiar with more production-oriented warehouse roles. These include MTC's abilities to temper product, daily blast freeze up to 880,000 pounds and offering drop-trailer programs.

Located by the port of Baltimore, Merchants also has developed a niche receiving and handling imported goods. Its systems and procedures are designed to quickly integrate the product into the domestic retail and food-service markets. In addition to managing all customs inspections, MTC also has Maryland's only full-time, on-site USDA inspection facility for imported beef and pork.

On the other side of the equation, all three MTC locations are certified and experienced with exports to Russia, the Middle East and Asia.

As one example, MTC's Baltimore facility receives, stores, labels and ships containers of refrigerated product to the Middle East. To accommodate the region's strict labeling rules (Arabic labels must appear on product inside and outside each case), Merchants constructed a temperature-controlled product labeling area in its facility.

"This is a prime example of becoming a division of

our customer," Halpert says. "We receive between 80 and 90 different refrigerated items for each container to be shipped. We receive them, store them, get them to the labeling room for them to process, store them again and then prepare the container load. Each month, we're probably dealing with 40,000 to 50,000 instances of handling these cases with an order accuracy fill rate of over 99.9 percent. "All this is being integrated through our company's MVision® system so our customer in the Midwest can see everything they want or need to see. Meanwhile, though, we serve here as their eyes."

And that brings up two additional points about Merchants.

"We have an appetite to grow that means being flexible for customers," says Halpert. "We'll take on many tasks that are seemingly unrelated to cold storage. We'll bend over backwards to service people. The goal is to be so integrated with them that – rather than viewing us as a cost – they see us a component of what they do to sell product and get it to their customers."

One final question. What's next for MTC?

Ferguson concludes "We will continue to evolve as an extension of our customer by providing superior service and looking for new ways to add value through technology, people and a customer is first attitude."

Stay tuned, the future is bright at MTC.

Technology:

Merchants' new "MVision" for the future

Let's face it. You don't hear about many "win-win" scenarios when it comes to technology. More often than not that's because companies end up on the bleeding edge – rather than the cutting edge – of new systems and programs.

However, that's not the case at Merchants Terminal, whose investments of time and capital appear to be paying off (literally) for both the company and its customers.

Customers are clearly the winners with Merchants' MVision® Internet program. Developed over a two-year period and introduced in fall 2002, MVision® was designed by eApplique.com and works with Merchants' Delfour warehouse management system to create personalized, easy-to-use data about each customer's goods in receiving, storage and/or shipping. Moreover, this information is available 24 hours a day, seven days a week with almost real-time updates.

Behind the scenes, Merchants and its customers have benefited from Merchants' new refrigeration control software package from Ictec, Inc. The software controls Merchants refrigeration system and interfaces in real time with the electric power market. Ictec's system optimizes the temperatures in Merchants' facilities while purchasing power cost-effectively.

Says Merchants President Harry Halpert, "Customers expect us to have refrigeration systems that are well-maintained and well monitored. They also count on our information systems to give them the correct information when they need it."

Dave Eden, Merchants' vice president of administration, elaborates.

MVision.



MVision® gives customers real-time updates, data options.



Merchants offers import and export services with easy access to the Port of Baltimore.

"Before, if a customer wanted to know how much product was in our inventory, the company would call us and it might take a while before we called them or faxed them back with the information.

"Now, customers can simply go to our web site and access inventory history, receipts, orders and other data. We also send automatic e-mails – event notifications – to notify customers when carriers' trucks are unloaded or there's some other activity involving their product. Moreover, we have the ability to send data in a pre-formatted Excel spreadsheet that customers can quickly and easily use for their documentation or reports.

Eden shares two examples of customer use. In the first case, a processor stores finished product in Merchants and uses the company's warehouses to supply East Coast food-service distributors, as needed. Using MVision® and the automatic e-mail update program, both Merchants and the customer can quickly monitor inventory to make sure required inventory levels don't dip below certain volumes.

Or let's say a processor's salesperson is on a call and has a potential order for 15,000 units of an item. Before concluding the sales visit – just to ensure the product is there – the salesperson can access Merchants' MVision® program for an up-to-the minute inventory report.

Concludes Eden, "Most of MVision®'s user-friendly screen options come from ideas submitted by our customers and/or were developed based on the most frequent requests to our managers. This package will continue to evolve to meet customer needs as we interact with them each week."

Adds Halpert, "We have some customers visiting our web site as many as 200 times each week. It's as though we are their distribution and logistics office and that's just how we want them to think of us."



Merchants facilities handle diverse products with storage needs from -20°F to +36°F.

Keeping customers, consumers happy

I scream. You scream. We all scream for ice cream! Actually, you won't hear screaming so long as grocery shoppers can find the frozen treats they crave, when they crave them.

You could say that keeping ice cream lovers happy is the job of Greg Hullen, region sales manager for Eskimo Pie Frozen Distribution Company. Working from Merchants Terminal's Jessup, Md., distribution center, Hullen manages direct store delivery route sales associates who service more than 1,000 area retail customers in the Baltimore/Washington and Philadelphia markets.

Each week, Hullen's group keeps retailers stocked with many of the nation's leading brands of frozen desserts and novelties including Dreamery®, Godiva®, WholeFruit®, Weight Watchers®, Atkins®, Eskimo Pie®, Tropicana®, and Trix®.

And what keeps Hullen from losing his cool? It's Eskimo Pie's partnership with Merchants.

"Eskimo Pie is committed to providing customers optimal levels of service and in-store merchandising. This goal cannot be realized without the support of Merchants," he says. "What

sets Merchants apart from other public refrigerated warehouses is their commitment to working with us and remaining open-minded and flexible in terms of operating processes."

Merchants also is distinguished for its processing of information.

"They offer real-time tracking and that adds tremendous value," says Hullen. "We can track inventory movement by the minute . . . it doesn't get any better than that!"

Each day Merchants personnel receive orders, pick inventory, and load orders out for Eskimo Pie route sales associates. Behind the scenes, too, Merchants officials also work proactively with Eskimo Pie. Just one example involves the warehouse's ability and willingness to adjust pallet storage costs so that inventory aging cycles parallel order cycles.

Hullen concludes, "Examples of Merchants' flexibility ranges from adding additional shifts to accommodate faster order-received-to-delivery windows to adjusting on the fly order received and picking processes. Merchants has truly been an asset (versus a liability) as we seek more efficient methods to supply frozen desserts and novelties to our retailers."

"Superior Temperature Controlled Logistics Solutions since 1927."

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