

REM Associates Qualifications (Continued):

- Product Forecasting Systems
- Diagnostic Reporting Systems
- ABC Analysis
- Min/Max Inventory Levels
- Safety Stock Levels
- Order Points and EOQs
- Management and Exception Reporting Systems
- Selected Software Application Packages.

REM Associates represents a network of more than thirty highly qualified and seasoned professionals throughout the United States from our offices in Princeton, New Jersey. Their qualifications are summarized as follows:

- Experienced career distribution and transportation consultants
- Blend of both operating and consulting experience
- Extensive skills that match your specific requirements
- Recognized professionals - authors and presenters at CLM, WERC, NPTA and AMA
- Commitment and involvement of professionals to perform these types of assignments.

Our Clients

Alling & Cory
Eastern Paper Limited
Philip Rosenau Paper Company, Inc.
Kimberly-Clark
NPTA
Dubin Paper

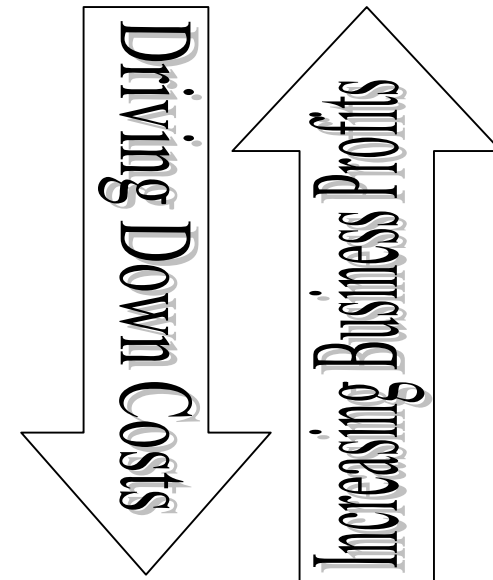
S. Freedman & Sons
Penn Jersey Paper
Unisource, Inc.
Foley Distributing
Wynan's McShane
Mark's Paper Company

And more . . .

We can tailor these programs to meet the specific needs of your business. To find out more about our programs, call REM Associates:



Purchasing and Inventory Management Programs



Objectives and Scope

The primary objective of these programs is to put in place a cost and service effective inventory management strategy in support of the corporate goals and objectives of the distributors business. This includes sourcing, inventory, operations, and organization. The initial focus of this effort is to improve inventory turns and reduce capital and operating costs to the business.

The scope of our effort includes a review and examination of all logistics functions and related activities within the distributors business. The initial phase addresses the operating policies, procedures, and practices in order to determine what can be done to change them and create a better balance in the mix of inventory as part of an overall inventory management strategy.

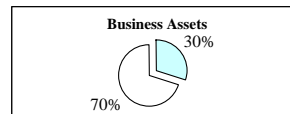
Based on our discussions with the distributor management team and our review of the information, we believe a program for improving the management of inventories should focus on potential improvement in four basic processes:

- **Demand Forecasting:** Related to the accuracy of forecasting future demand
- **Cycle Time Reduction:** Delivery and order processing time
- **Order Generation:** Improving partnerships with vendors and taking advantage of available technologies for order processing
- **Inventory Management:** Improving systems and techniques that are used to monitor and manage inventory

REM Associates is prepared to assist in the implementation of this program, build the correct internal resources and organization necessary to maintain this program, and provide continued assistance to make sure the desired results are achieved on an on-going basis.

Our consulting will provide the ability to move this process forward more quickly, make use of additional resources unavailable at the distributors business, develop internal resources, and utilize appropriate industry experience to support this effort.

**Inventory Investment
Represents 30% of
Business Assets**



REM Associates Qualifications:

REM Associates is well qualified to work with the distributor's business to develop and implement this program. These qualifications, based on our experience, are summarized as follows:

We know your industry - and have worked for similar companies, including suppliers, distributors, and their customers, as well as similar industry associations. These companies have included:

- 3M Corporation
- James River Paper Company
- Kimberly-Clark
- Alling and Cory
- Unisource Companies
- Eastern Paper Company Limited
- National Paper Trade Association.

We know the distributor's business - based on our discussions and the data and information gathered by us, including:

- Company and product profiles
- Sales and inventory estimates
- Marketing and strategic business objectives.

We are experienced in all areas of product logistics - and have completed assignments in:

- Logistics Strategic Planning
- Product Sourcing
- Inventory Management
- Facilities Planning
- Costs and Operations Analysis
- Quality Benchmarking
- Customer Service.

We have developed inventory management programs - for distributor businesses including those involved in paper and commercial products, encompassing the development of:

- Policies, procedures, and practices
- Management by exception

**Visit our World Wide Web Site at
<http://www.remassoc.com>**

Estimated Timing and Costs:

Based on the programs as outlined, the timing should be approximately:

- **Program One** **1 Month**
- **Program Two** **1-2 Months**
- **Program Three** **5-7 Months**

Our professional fees for each of the three programs are estimated according to the following:

- **Program One** **\$8,000 - \$10,000**
- **Program Two** **\$10,000 - \$15,000**
- **Program Three** **\$75,000 to \$80,000 - Estimated**

Out-of-pocket expenditures for such things as travel, subsistence, administrative, and related costs will be billed according to actual expenses incurred.

We assume the distributor's business will provide personnel and resources to assist in the collection and processing of data, documenting operating policies and procedures, and providing overall insight into operations, plans, and business strategies. Our estimate of this requirement is the equivalent of .5 person during the course of this assignment.

**Target Reduction of Greater than
20% in Inventory Cost Savings**

General Approach

In order to accommodate a variety of distributor business applications, we provide three basic programs. They are built on the principle of segmentation and management of different inventories and are described as follows:

Program One: Overview of Purchasing and Inventory Management

This program is designed to examine the existing purchasing and inventory management position within the business. It is structured to provide a report card on the effectiveness of purchasing and inventory management activities. The output of this program is directed at providing directional recommendations on areas that need to be addressed in order to improve inventory turns and procedures needed to effectively manage inventory. It is based on a sampling of data submitted by the distributor and analyzed by our staff.

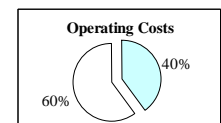
Program Two: Selective Improvement in basic policies, procedures, and practices

This program will focus on analyzing, measuring, and identifying inventory items that can be reduced or eliminated in the near term. It performs an on-site review of policies, procedures, and practices based on purchasing and inventory data and interviews with operating personnel. This program demonstrates, using a selected group of products and vendors, the improved techniques for buying, processing, and managing inventories, including associates reports and measures. This selected group can be expanded to all products and vendors by internal resources to the business

Program Three: Comprehensive Development of an inventory management business strategy

Our third program is designed as an in-depth assessment of purchasing and inventory management functions, tasks, and activities in order to develop and implement actions and plans directed at buying products and managing inventories in a manner that will minimize inventory and maintain or improve service to customers. Recommendations and made and implemented to manage the buying practices and inventory procedures, using improved information, data, and reports to monitor and control activities.

**Inventory Activities Represent
Over 40% of Operating Costs**



Approach (Continued)

All of these programs are designed to put in place policies, procedures, and organizational resources to improve inventory management and develop sourcing and supplier partnershiping and tradeoffs of inventory and service to customers

Our Approach

Our approach to this effort is to blend our work with that of the distributor's business personnel to achieve management's goals in the most cost effective and timely manner. We recommend the following major work steps for the conduct of these programs:

- 1) Conduct a review of the logistics functions and operations, including sourcing and inventory management policies, procedures, and practices, considering each of the functions and activities dealing with determination of requirements, acquisition, maintenance, management, and disbursement of inventories - recognizing uniqueness of organizational structures and responsibilities
- 2) Examine the ordering, inventory management, and customer service performance measurement methodologies used by purchasing, inventory management, and customer service personnel for the movement of products throughout the business based on markets, seasonality, and end-use customer demands.
- 3) Analyze and evaluate purchasing and inventory management requirements and performance, including:
 - Buying triggering
 - Monitoring inventory levels
 - Development of performance reports
 - Determining performance levels
 - Use of exception reporting.
- 4) Report results of our program to management in sufficient detail to provide the distributors business management the ability to implement our recommendations or to have us assist in this effort.

**Inventory Segmentation - Key
To Inventory Reduction**

Anticipated Results:

Following the completion of this work, the anticipated results of this effort should include:

- ◆ ***An immediate reduction in the level of selected inventories***
- ◆ ***Reduced capital investment in product inventories***
- ◆ ***Increased product inventory turns***
- ◆ ***Improved product availability to service customers***
- ◆ ***Improved communications and linkages between sales, operations, and sourcing responsibilities***
- ◆ ***Better tools to analyze and manage inventories***
- ◆ ***Improved reports and controls to monitor and manage inventories***
- ◆ ***Improved policies, procedures, and practices for the sourcing, purchasing, and management of inventories***
- ◆ ***Improved management information in terms of data availability and timing***
- ◆ ***Recommended organization structure, roles, and responsibilities for product logistics operations within the business***
- ◆ ***Recommended opportunities for reducing operating costs related to inventories and related logistics functions and activities.***

**Realistic and Achievable
Results for our Programs**