

Forwarders Don't Agree On Service

BY REINHARD CLEVER

Which airlines do forwarders feel give the best service? A recent survey of operations personnel for several forwarders in the JFK area provided little consensus.

The number of different airlines named by the forwarders as providing the best service nearly equalled the number of individuals contacted.

Service appears to be measured not so much by operations efficiency but more by the degree of personalized attention a forwarder feels he gets from each carrier.

"...They help us out when we have to go over our allocation"... "They assigned us special people in customer service to handle our account"... "They act promptly to solve our problems..." These are the kinds of comments nearly everyone interviewed made to describe their favorite carrier. This seems to follow the old rule, "Make the customer feel important and special."

Most forwarders agreed with the comment of one local forwarder, who said, "During my years here, I have learned that we can expect airlines to honor 90 percent of our bookings. Truck waiting times could not exceed 20 minutes for light loads."

There are, of course, instances when minimum service requirements are not met for no obvious reason. "In these cases," said another local forwarder, "We first try to straighten out the problem directly with the airline involved, moving, if necessary, through the different management levels. If that doesn't work, we have to give our freight to other airlines in the market, if they can handle it."

A carefully built reputation for good service appears to be an immeasurable asset. Again and again, forwarders felt, "If that airline was going to everywhere I need them, I'd use them much more."

But every forwarder interviewed had his own favorite airline.

Army Pals Guide Amerford's

Some might call it a good old American success story. Two army buddies get together after World War II to start a freight forwarding company. They parlay a loan of \$800 into a multi-million-dollar corporation.

In this case, the army buddies are Hector Garcia and Milton Gratt, and the company is Amerford International Corp., with headquarters near JFK.

The company Garcia and Gratt founded, and of which they are now president and executive vice president, respectively, began in ocean freight. As the fledgling company found a niche handling emergency shipments and began using air freight, they sought an air freight expert.

They found Walter Marx, who became a third partner and is now also executive vice president of the firm. Although the three hold a significant portion of Amerford's stock, the company's shares are traded publicly.

Amerford's stock has recently fared quite well. Its earnings per share rose to more than \$3 in 1980 against 84 cents the year before.

Revenues and profits have also thrived during the past year. Revenues in fiscal year 1980, ended June 30, rose to \$94.4 million from \$75.4 million the year before.

Profits increased to \$18.9 million from \$13.5 million the year before. The first quarter of the 1981 fiscal year, ended Sept. 30, shows similar impressive gains.

The company attributes its growth to its ability to command low prices from the airlines and fast growth in such areas as South Africa and Australia. This year, the company plans expansion programs in Germany, Sweden, Denmark and the Middle East.

With 70 percent of its revenue generated from overseas air freight, Amerford is known primarily in the international market, but it gets about 20 percent of its revenue from domestic air freight. Only 5 percent of its revenues came from ocean freight.

According to Gratt, Amerford didn't join the other major international forwarders who scurried to sign contract rates across the North Atlantic. "Instead, we're working with four airlines into Europe on conditions and rates that are, we feel, just as good as the contract

rates."

Gratt said Amerford felt contracts could be costly if the discounts passed on to the shipper failed to generate enough volume to meet the commitments.

When several forwarders with contract rates began to slash the prices they charged their customers, Amerford met the competition, even when yields fell below acceptable levels.

This, according to Garcia in the company's latest annual report, compelled Amerford to "underwrite a portion of our...rate reductions. Although this is contrary to management's thinking under normal conditions, it was decided that in the short term we must remain competitive."

Garcia's message predicted that the expiration of the contract rates in March would result in an increase in rates and an improvement in yields.

Gratt said it is foolish for

forwarders to think there is much to gain from exacting money-losing rates from the airlines. "You can't deal for long with a company that can't make a profit on the rates they're charging you," Gratt said.

Gratt detailed some of the aspects of Amerford's service, which he feels have helped make the company one of the leading international air freight forwarders.

In Europe, the mainstay of Amerford's business, Gratt pointed to Amerford's wholly owned subsidiaries in Paris, London and Amsterdam, which he said provide Amerford with excellent door-to-door control.

He cited Amerford's policy of assigning major clients with an account executive backed by a staff of assistants. This set-up gives the client a source for fast, accurate information.

In addition, Gratt said Amerford can supply major customers with a computer

Air Industry Stock C

Ticker Symbol	NAME OF STOCK	(Div.)	Market	Yield Pct.	P-E Ratio	Hi
AEX	Air Express	(.05)	ASE	.3	13	24
ABF	Airborne	(1.20)	NYSE	6.7	10	26
AMR	American		NYSE			11
BNF	Braniff		NYSE			10
BNI	Burlington (BNAF)	(1.25)	NYSE	1.9	9	77
CNF	Consolidated Freightways	(1.40)	NYSE	5.1	9	29
DAL	Delta	(1.60)	NYSE	2.3	11	70
EAL	Eastern		NYSE			11
EAF	Emery	(1.00)	NYSE	6.8	12	18
FDX	Federal Express		NYSE		21	48
HARG	Harper Group (Circle)	(.24)	NASD	.6	17	43
KLM	KLM		NYSE		20	39
NWA	Northwest	(.80)	NYSE	2.8	181	31
OZA	Ozark		ASE			7
PN	Pan American		NYSE			6
PBAC	P.B.A.	(.80)	NASD	4.8	14	23
PIE	Piedmont (See Note)	(.24)	NYSE	1.2	7	20
PPD	Purolator	(1.44)	NYSE	3.3	14	44
RAI	Republic	(.20)	NYSE	2.8		9
TGR	Tiger International	(.80)	NYSE	3.9	8	28
TA	Transamerica	(1.28)	NYSE	7.0	5	20
TW	Transworld Corp. (TWA)		NYSE			23
UAL	UAL		NYSE			24
U	USAir	(.12)	NYSE	.6	4	20
WAF	WTC		ASE			7

Note: Piedmont Aviation Inc. declared a 20% stock dividend payable March 16 to stock of record February 20, 1981

Catch

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