

THAT'S WHAT FRIENDS ARE FOR

The Baron Messenger Success Story

How many times have you been encouraged to build relationships and network, network, network? For Lori Baron and Larry Schwartz, co-owners of **Baron Messenger Service** (Miami, Fla.), success came as a result of hard work and lots of networking

— both at local Chambers of Commerce meetings and at national industry events.

"I think our mentors have been people representing other courier companies around the world that we have had the pleasure of meeting through our industry associations," says Baron.

That appreciation evidently works both ways.

"I have known both Lori and Larry for many years," says Michael Katz, chief executive officer of **Choice Logistics** (New York, N.Y.). Choice Logistics is both a customer of Baron's and fellow member of the Messenger Courier Association of the Americas (MCAA) and the Express Carriers Association (ECA).

"They are very straightforward, honest and personable people," says Katz. "We do business with them in South Florida ... and the service we receive is excellent. Lori and Larry are very proud of the business they have built, and they should be."

The Way We Were

Yes, they were married to each other, once. Not now.

Baron and Schwartz grew up in New York. Their families were good friends. They bonded as teens and continued their relationship after Baron's family moved to Miami. In 1981, when she started a courier business inside her father's transmission shop, Schwartz was right there helping.

"All the people who work at Baron fit together as a team. Without one of them, we would be missing a piece of the puzzle."

---Lori Baron

"Larry made deliveries in his van and handed out business cards," recalls Baron. "I did outside sales, advertising and deliveries while my dad answered the phone. After we were married, Larry became my business partner and we hired a driver. Soon there were five drivers."

As their courier service grew, their marriage did not. But neither of them wanted to give up the business.

"We figured, it's okay, we can work together, because it wasn't a nasty divorce or anything," confides Baron. "We set aside personalities."

Both have since remarried. Schwartz and his wife have two children, and Baron and her husband recently became parents, too.

Building the Baron Team

Today Baron Messenger provides service throughout South Florida and around the United States. Baron averages 700 on-demand deliveries daily with an on-time rate of more than 98 percent. Acquiring Sunshine State Messenger Service in 2004 made Baron the largest courier company in Miami, placing them in the top 10 percent of courier companies in Florida and the top 20 percent in the nation. Their company is based in a 12,000-square-foot facility centrally located between Miami and Fort Lauderdale. More than half of that space is critical parts storage.

"We've actually outgrown it," Schwartz says. "We're leasing a building around the corner and I'm in the market for another."

Key people on the 20-member Baron staff include Office Manager Karen Vargas and Operations Manager Gary Rutstein. Baron uses about 90 independent contractor drivers.

"At Baron and Sunshine, our goal is to achieve 100 percent satisfaction for our customers, employees, courier agents and business partners," Schwartz quotes from the mission statement that hangs on the door to Vargas's office.

"We have a fabulous staff and drivers who have been with us for a long time. The fact that we have grown our business steadily each year is a testament to them," praises Baron.

Baron's sales grew 12 percent in 2006, and 250 percent in the past five years with the acquisition of Sunshine State Messenger



Schwartz projects a 15 percent increase in sales this year.

"All the people who work at Baron fit together as a team," Baron explains. "Without one of them, we would be missing a piece of the puzzle."

Everyday Heroes

A mother's amniotic fluid ... samples to test for genetic diseases ... pain medication for homebound Hospice patients. You name it, Baron has packed it in dry ice, gel packs or frozen packs or safeguarded it at room temperature and delivered it on time.

"The fastest growing segment of our business is the transportation of hazmat medical specimens," Schwartz explains. "It's imperative that we maintain the highest levels of service for our customers and the lives that depend on our deliveries. We deal in time-sensitive deliveries and there is no room for error."

Many of the specimens are shipped to different labs all over the country.

"Baron performs a critical function for us," says David Meyer, a transportation specialist with Mayo Medical, a reference testing lab for the Mayo Clinic in Rochester, Minn. "There's a patient attached to every medical sample of blood, serum plasma or spinal fluid that Baron picks up for us in Miami, so they have to know what they're doing and be able to package correctly, maintain temperature stability and ship to us as quickly and as properly as possible."

Meyer hires couriers all over the country to service Mayo Medical's hospital accounts. "They've done a wonderful job, indicated by the 10 years – at least – that we've been contracting with them," adds Meyer. "Baron is one of the longer standing courier services we've been in business with."



Long standing is what Baron targets.

"On a daily basis, Baron picks up medical specimens submitted to our lab for extensive testing. Each specimen is sensitive to time and temperature due to viability of the human cells collected from medical institutions," says Duanne Guilliod, logistics supervisor for the New York City Lab of Genzyme Genetics, one of the world's foremost biotechnology companies. Genzyme has used Baron Messenger for nearly eight years. "Each assignment is done with simplicity, with the final result being exceptional. They know Genzyme's day-to-day operation, and bring tranquility to each experience."

For the past two years, Baron also has been delivering hospice medications from pharmacy to patient in South Florida for Excell Rx of Philadelphia, Penn.

"They are exemplary," says John Schiavo, a clinical pharmacist in Excell's community pharmacy affairs department. "Baron is reliable, available, affordable and dedicated—that's the best way to sum it up. They have compassion and concern that the patients get their medication, and they go out of their way. I've seen them run the gamut of every variable in getting a package couriered to a patient, and they do it ever so professionally."

"There's a high level of trust that we're handling it correctly," echoes Baron. "Our drivers and dispatchers are heroes every day."

Poised at the Cutting Edge

Schwartz credits technology with Baron's success. In 1984, he and a computer programmer designed a ticket-less dispatch system that printed invoices and generated settlement reports. Seven years later, Unique Data Systems upgraded Baron to an industry-specific system with alpha numeric paging capabilities. Since 1999, Baron has been using Datatrac's online ordering and tracking system and two-way mobile data technology. Adding a global positioning system (GPS) to continuously track pickups and deliveries is next.

"It's just a matter of determining who has the technology that will best interact with our phones and computers in the most cost effective way," explains Baron.

"We're probably going to upgrade our hardware and roll it out before the end of the year," Schwartz concurs.

Simultaneously, Schwartz plans to work toward a total electronic data interface (EDI) solution for all of Baron's major customers. So far, Choice Logistics is the first of Baron's more than 2,000 active customers with EDI.

"We receive 10 to 20 orders from Choice daily and every step of the process is automated and documented on both our systems," explains Schwartz. "We don't have to re-key any data, so it makes it more efficient for everyone."

"Recently, Choice started transmitting orders via EDI directly to Baron through their e-Trac system," says Michael Katz. "This creates a tremendous amount of efficiencies for both Baron and Choice. It is a real win-win situation."

"We could do this for any of our customers," adds Schwartz. "It's something I'm very excited about and it's definitely the wave of the future for this business."

If technology is one of the tools driving Baron's success, knowing when to grow and how to manage that growth without overwhelming the business is another.

Growing Pains

In 2004 Baron acquired Sunshine Messenger.

"They were our biggest competitor," admits Baron. "And their service was excellent, which is why we wanted to take them on. They had the same computer system and primarily ran their business close to the way we run ours."

"There was pain involved in that," adds Schwartz. "We acquired a company that was about half our size, so we could afford it and manage the receivable end, but now we have that much more business to manage. The acquisition brought our employee count to 30 and it took us about six months to figure out how to maximize the value of the merger while reducing the number of people we needed. Now, we're more efficient, but we have that much more business to manage."

They also decided to keep the Sunshine name.

"Sunshine State Messenger has a very strong presence in South Florida. It's a 30-year company and a household name," says Schwartz.

Baron Messenger faces many of the same challenges any courier company deals with,



ADVICE FROM THE PROS

On Starting Up: "Try to learn as much as you can before you actually open," says Lori Baron. 'Join an association. Speak to people who aren't your direct competitors and who are already doing it. I've helped people that way. Do your homework." Larry Schwartz adds: "Hire the best talent, train them and let them do their job. Don't try to do it all."

On Raising Prices: "Larry and I were always wary of raising prices because we didn't want to lose customers," says Baron. "Someone once told me, 'What happens when you raise prices? You make more money.' It's true. To maintain the high level of service for our medical customers, we have to demand higher rates."

On Taking Risks: "I had a booth at an Air Courier Conference of America (ACCA) convention in Palm Springs about 10 years ago and Eddie Katz, formerly of Choice Courier Systems, stopped by," recalls Schwartz. "We were talking and he was looking at the photographs of our critical parts warehouse on display, and he said, 'If you do what everyone else does, then you're going to be like everyone else.' From that point on, I dared to be different."

Success y

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from growing competition from more than 300 courier companies in South Florida, a population that is increasing faster than the expansion of roads and making traffic worse, a shrinking driver pool and responding to safeguards against threats to homeland security. An additional stress is hurricane season.

Lending a Hand

Baron has helped out in the aftermath of every hurricane to hit South Florida since Hurricane Andrew's devastation killed 23 people and caused \$25 billion in damages in 1992. In 2004, there were Hurricanes Frances and Jeanne, and Hurricane Wilma in 2005.

"We go by our written preparedness plan," Schwartz says. "It's business as usual during a Hurricane Watch, but if a Hurricane Warning is posted, we start gearing down and send employees home. Our facility is equipped with a 55 kilowatt propane gas generator that will power our entire facility 10 days before refueling is needed. When we can start making deliveries after a hurricane, medical emergencies are the priority."

Helping the community includes letting residents borrow drivers' cell phones to call loved ones, and donating truckloads of ice and drinking water daily.

"We ordered two-way beepers powered by satellite, so if our phone system goes down we can still contact people," says Baron.

Baron also works with The Mathew Forbes Romer Foundation (MFRF), an organization inspired by the strength of a boy with the fatal Tay-Sachs disease. MFRF was founded in South Florida in 1998 to support education and research of children's genetics diseases of the brain.

"We volunteer our time and financial support," declares Baron. "When they hold free genetic testing for the public, we pack the specimens for delivery to labs. In the course of our work, I found out that one of my largest customers supports them as well, so it gives us a bond."

Success Defined

How do the partners define their success?

"I started a business from scratch, with no money, and now I'm financially secure and I've made other people and their families financially secure," says Baron. "That's what I define as success. I'm happy, healthy and I love going to work. The people who work for me are happy."

"I love what I do," echoes Schwartz. "I've loved it every day for the past 26 years. I am passionate about my work and look forward to the daily challenges."

Do they have any regrets?

Schwartz regrets not buying their building until six years ago. "We should have done it 20 years earlier," he reflects.

Baron yearns for a sales team, like other large courier companies.

"I think if we set up our sales department differently we'd be a lot larger now," she says.

Schwartz disagrees, and looks to a greater Internet presence to increase sales. "Fifteen percent growth a year is comfortable. If you grow too fast, you're not able to manage it and you're going to hurt your business."

Schwartz emphasizes that what has built their business is the networking and referrals - the professional friendships — that come from being active in industry associations.

"Networking is worth the investment. You get to share information and ideas with other courier company owners that you're not in direct competition with," says Schwartz. "And they refer us when there's business in South Florida."

"Consistent, reliable service," Schwartz says. "That's the secret of our success."

"There's always going to be mistakes because nobody's perfect. But when something happens, we're going to stand by our customer and fix it the best we can," adds Baron. "Our customers know that. That's what keeps them coming back."

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