

Iowa Laser Technology, Inc.

800-397-3561
319-266-3561

6122 Nordic Dr.
Cedar Falls, IA 50613

FAX: 800-383-3561
FAX: 319-266-8203

February 3, 1995

Dear _____

The purpose of this letter is to detail my desires regarding the business relationship between Iowa Laser Technology and _____. I will be calling you soon to discuss this further, but felt it was important to put down in writing those aspects that must exist in order for that relationship to be mutually beneficial.

I will admit to some consternation based on the meeting that took place here with your certification team. I do not expect that we will score well on the survey, although the team did not seem concerned that we would be able to 1.) continue to send quality parts to _____ 2.) change our existing system to meet your requirements. However, I was deeply concerned about the attitude that seems to form the basis of _____ supplier relationship, and that is "one-way."

We want to do business with _____ we do not have to do business with _____. We also know that _____ does not have to do business with Iowa Laser, but we would hope that you want to do business with us. In that regard, we are concerned with an implied "level of control" issue that seems to be required with an expanded relationship between our firms. An element of our long term corporate strategy has been to never get into any situation that allows our customers to control our business beyond what good, sound, and quality-conscious customer service would dictate. We have been successful in business because we provide products and services to our customers that meet their needs in the areas of cost (product price), quality and delivery. We are always prepared to change our procedures and practices if it will improve our ability to serve the customer. However, we do not feel that our customers need or deserve to know what our costs are to produce their product, what our hourly wage rates are, or what our overhead structure is. This is particularly true when we sense that any information that is provided will be used in a less than mutually beneficial manner.

If our prices are too high, let us know. We will make every effort to achieve your target price levels or communicate what actions are needed to achieve price reductions. Seldom will a mutually beneficial solution not be found.

Beyond product price, I understand a customer's need to ensure that a supplier is financially healthy and can continue to provide quality parts at a competitive price. I also understand how a customer would want to know a supplier's manufacturing capability and capacity, and would need to feel secure in their ability to identify and handle process problems. I do not, however, feel that either the customer or the supplier benefit when one tries to control the other.

We have done business for seventeen years in a manner that is consistent with the Golden Rule; that is, "Do unto others as you would have them do unto you." We will not change that philosophy. We will respect your needs because we would like our needs respected, regardless of whether we've had our needs respected. We will provide you with the highest quality product because we expect that from others, even though we don't always receive the highest quality.

We want our relationship with _____ to have that Golden Rule as a base. Both of our companies want and deserve to be treated with respect. Both want and deserve products that are priced fairly and are of unquestionable quality. Both want and deserve the security to know that problems can be discussed and resolved through open communication. Both want and deserve a mutually beneficial partnership.

Undoubtedly you will receive this letter before you have had a chance to visit with your team. My initial impression from that visit was not good, but it is my hope that I've misread the situation and what I've said in this letter is falling on sympathetic ears. As mentioned, I will be calling you and hope that our meeting is still set for February 23rd.

Sincerely,

Mark W. Baldwin
President