



“IF WE CAN OFFER BETTER PRICING, BETTER SERVICE AND BUILD LASTING RELATIONSHIPS, THAT’S A GOOD FORMULA FOR SUCCESS.”

EDWARD VERDI
PRINCIPAL OWNER
UPTITE FASTENERS

Greetings
from
Asbury
Park!

UpTite Fasteners
Asbury Park
New Jersey



For UpTite Fastener's owner Edward Verdi and his team, including his wife and business manager Tanya, being UpTite not only means having the fundamentals nailed down but also being jammed to the rafters and bursting at the seams. After less than three years in their store, they must expand.

ON THE NEW JERSEY SHORE, UPTITE RIDES A NEW WAVE OF PROSPERITY

For many people who came of age in the 1970s and 80s, Asbury Park will forever be linked to Bruce Springsteen. The searching, often triumphant rock ballads on “Greetings From Asbury Park,” “The Wild, the Innocent & the E Street Shuffle,” and “Born To Run” propelled him into the pantheon of American artists.

In addition to songs of love won and lost, Springsteen poignantly observed the city’s — and America’s — darker corners and its faces

of racial tension and economic depression. Today, 45 years after “Greetings,” Asbury Park’s image and opportunities continue to draw people and businesses, including companies like UpTite Fasteners, to this reawakening city.

After less than three years in his present location, Edward Verdi, president and owner of UpTite Fasteners, and his small staff have outgrown their building, but after lobbying long and hard to get to Asbury Park, he is determined to stay here.

Long convinced that Asbury Park and its Urban Economic Zone (UEZ) designation could be good for business, Verdi finally found a building on Asbury Avenue, one of the town’s main streets, just blocks from the seaside. However, to call the building a fixer-upper would be generous.

“This building was falling apart,” Verdi says. “It used to be an iron works. The elderly owner had let the place go to pot. I approached him personally and managed to buy the place. We had to completely gut it, but being in the business, I know contractors, so we completely renovated it and opened for business in just six and a half weeks.”

Verdi and his team, which includes his wife Tanya, who manages the

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PHOTOS: FRANK VILLAFANE; LITILENY



Old and New Jersey stand side by side in Asbury Park. Businesses flank UpTite Fasteners on one side and homes on the other. As seaside condos rise six blocks away, the city retains its hometown feel.



“THE SOFTWARE WE ARE EVALUATING WILL ENABLE US TO STREAMLINE OUR OPERATIONS INTO ONE SYSTEM, WHICH WILL BE MUCH EASIER AND PRODUCTIVE FOR ME AND BETTER FOR THE BUSINESS, TOO.”

TANYA VERDI, BUSINESS MANAGER, UPTITE FASTENERS

office operations, store manager Mike Otchy and four other employees, were unsure how well the new location would work out. Asbury Park is 10 miles from UpTite’s old store in Little Silver, New Jersey, and in 2014, the local economy was still on uncertain footings.

“When we moved here in 2014, people still didn’t know where construction was going,” Verdi recalls. “Distributors were still reluctant to carry much inventory because no one knew how much they needed.”

THE 3.5 PERCENT SOLUTION

One of Asbury’s attractions for Verdi was its UEZ designation, designed to encourage businesses to move into depressed areas. One UEZ incentive is that retailers can charge customers half of New Jersey’s seven percent sales tax on many purchases.

“The UEZ helps us and our customers pay half the sales tax that they would just a few miles away. That adds up; we saved one customer almost \$6,000 in tax last year.”

Another benefit of being in a UEZ relates to selling products that are rarely discounted.

“Festool MAP (Minimum Advertised Price) prices everything so no matter where you go for Festool, it’s the same price,” Verdi explains. “Well, when you go to buy a \$600 saw, are you going to buy it from a dealer who has to charge seven percent sales tax or are you going to come to me and pay 3.5 percent tax? That’s a clear advantage of shopping with us.”

Today, construction on seaside hotels and condos in Asbury Park is on an upturn and UpTite is benefiting from “buy local” policies. Verdi is also working to take full advantage of his market opportunities, hiring more drivers for summer deliveries and expanding his sales force.

“In addition to more summer drivers, I’m also hiring outside salespeople,” he says. “You can only grow the business so much with so many people, but we have generated double-digit growth over the last two years with the same seven people.”

UpTite is already a well-established STAFDA house in the Asbury Park market. In addition to a deep range of fasteners, the company sells multiple lines each of nail guns, generators, compressors and tools from top-tier brands including CMT, Hitachi, Festool, Bosch, Makita, MAX and Simpson Strong-Tie.

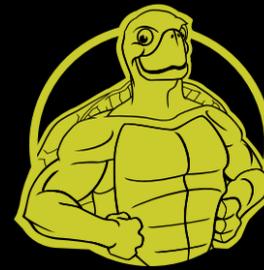
NEED A LOANER?

UpTite also offers tool repair and even a loaner program for contractors whose tools are in for repair.

“We have an arsenal of tools accumulated over the years that we can use as loaners. It goes over well with a lot of guys when they come in to buy a tool and we can tell them, ‘If anything happens to this tool, let us know and we’ll have something for you to use and you won’t have to worry about buying new nails.’”

Due to space constraints in the store, UpTite contracts out tool repairs, but Verdi plans to bring them in-house when he expands. He already rents part of the building

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Think your showroom is cramped? Virtually every inch of UpTite Fasteners' showroom is jammed with product, so they continually reorganize it while waiting on a larger space.



"THE LAST FIVE QUARTERS HAVE BEEN REALLY BUSY, PARTICULARLY THE LATTER HALF OF 2016 AND INTO 2017. THE MARKET HERE IN ASBURY PARK IS DOING WELL."

MIKE OTCHY, STORE MANAGER, UPTITE FASTENERS

next door. Doing repairs in house will allow faster turnaround and enable UpTite to be an authorized repair center for more brands. A new building will also allow Verdi to expand the showroom to a planned 4,000 square feet — and still have a few thousand square feet left over for more warehouse.

NEW SOFTWARE

UpTite's legacy software system has also become inadequate for the revenues it is now generating.

"Software is expensive. Our dilemma is that we're a small company that has outgrown our current system and the software we need is for companies that are on the next level of sales," Edward explains. "We will have to spend quite a bit for the next-level capabilities that we need."

Edward's wife, Tanya, has 20 years of construction business experience, working first for her family's business and now for UpTite. She is well acquainted with business systems and with UpTite's current software capabilities — and shortcomings.

"I am excited about the new

software because it will really help us," she says. "Right now we do our statements in QuickBooks and our invoices in Store Operations. That is very repetitive and inconvenient. The software we are evaluating will enable us to streamline our operations into one system, which will be much easier and productive for me and better for the business, too."

In addition to new software, Verdi has already drawn up plans for a new building, which will add another 6,000 square feet of valuable room. In addition to a larger showroom and a tool repair department, the space will also allow a construction tool and equipment rental operation. Toward that goal, he has already hired its future manager, former Brooklyn, New York distributor and rental pro Jeff Miller.

With decades of construction rental experience, Miller has a feel for what will work for UpTite.

"Rental can work very well for a business like UpTite Fasteners if you don't have to deal with the general public," Miller says. "UpTite is a construction-based business where

contractors come for specific items like concrete anchors. If a contractor has to drill one-inch holes into concrete, he is going to use an \$800 tool to do it. You can sell him the anchors and rent him the machine."

Miller is also a strict adherent to the policy of prechecking every unit before it goes out the door.

"The rental manager must take the time to show the customer how to use the machine and give him proper instruction — every time. Nothing goes out without instructions and being tested before hand because 'That's the way I got it,' will not fly."

Verdi describes UpTite's customer base as 75 percent "wood to wood" contractors, including builders, remodelers and cabinet makers, and 25 percent "commercial" construction, including metal stud workers, drywallers and related trades. Because of its history with woodworking professionals, UpTite also offers blade sharpening.

Miller has taken over the tool repair

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Hailing from Brooklyn, New York, rental industry veteran Jeff Miller has recently joined UpTite to manage its construction rental operation when UpTite takes over the building next door.

business from store manager Mike Otchy, who has been with UpTite for five years, joining right after earning his business degree.

"I'm looking forward to having more space, we definitely need it!" Otchy says, looking around with a laugh. "This company is growing fast. The last five quarters have been really busy, particularly the latter half of 2016 and into 2017. The market here is doing well and there is lots of construction and condos going up."

As the closest STAFDA house to those job sites, contractors call UpTite even at night and on weekends. Otchy takes it all in stride.

"I get calls first thing in the morning and when I go home at night, but I like to go to bat for my customers," he says. "They will also call me on Saturdays, because we're open Saturdays from Memorial Day to Labor Day."

The new building can't come too soon. UpTite already occupies part of it for container loads of UpTite brand Fasteners.

"We launched the UpTite Fasteners brand about five years ago when we started buying in bulk," Verdi explains. "We realized that as long as we are buying in bulk anyway, why not do our own private label. We've gotten a lot of calls from new customers who saw one of our buckets on a job."

However, contractors are leery of imported "white box" fasteners, so Verdi avoids Chinese fasteners and buys only from quality producers.

"My nails come from quality mills. In many cases, they are the same nails that go into a big brand box. We are happy to let customers test

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There's no room to waste in UpTite Fasteners' Asbury Avenue store, but Owner Edward Verdi is willing to trade some space — temporarily — for the advantages of being in the center of the action.



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our product against theirs. Sometimes a contractor will compare our nails to his major brand not knowing they come from the same mill and the same production line."

LEARNING TO BUY

After buying UpTite Fasteners in 2014, Verdi and his team worked hard to learn how to buy effectively and reach the best pricing tiers with key providers. This included taking full advantage of promotions, buying direct whenever possible and buying in bulk. Today, he is confident that UpTite can compete on price with any ethical competitor, even Amazon, especially given UpTite's ability to deliver locally on extremely short notice. That said, he will not cut prices just to be the lowest-priced provider.

"We don't want to be bottom feeders, because anyone can give it away," he says. "So we don't chase that business."

Verdi stresses the value of close relationships with vendors, especially those in the area, which allow him to use them as backup warehouses.

"Aligning yourself with your vendors is key," Verdi states. "PrimeSource and Bosch are both 45 minutes away. We also work closely with Bartell Morrison, which is just 20 minutes away. Mike Case at Bartell has brought me tampers, jumping jacks, screeds and mixers. I can pick up a machine from Bartell, get it back here or deliver it to a job site in 45 minutes."

Drawing on a decade in the distribution business and his previous career as a contractor, Verdi has a clear concept of what contractors want from their supplier.

"Service, relationships and

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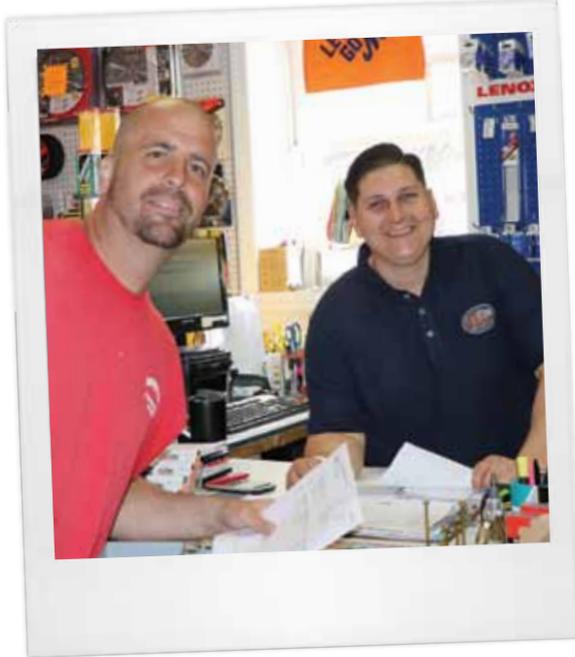


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Say "Cheese!" Although 70 percent of UpTite's sales are delivered to sites, the sales counter stays busy. Here, local contractor Daryl Colatrella (L) of Extreme Building Makeovers and store manager Mike Otchy (R) pose for the camera.

pricing are the three things that you need to have a successful company," he states. "Your customers need to know that you will be able to service them; 'When I call, will you answer the phone? Will you be able to deliver?' Fulfilling those service requests — every time without fail — builds trust and relationships. The final piece is good pricing."

Opening a new store is always a gamble and winning can create its own headaches. Verdi and Otchy are both surprised by how successful the Asbury Park store has been.

"We definitely never knew it was going to explode like this," Verdi marvels. "Had I known that we were going to be this successful in this location, I would have done things differently. I'm already out of room and short-handed on people."

IF YOU CAN MAKE IT HERE

Verdi has three goals that he believes will help take UpTite to the next level; new software, a new building and more salespeople. Getting those in place may lead UpTite to another store or two. Being so close to New York City, and having worked there himself, Verdi is eager to grow closer to it.

Verdi is hiring, not only to beef up his delivery staff for summer but also to add two full-time outside

salespeople. That is not easily accomplished, since, as a full-service STAFDA house, UpTite needs to hire knowledgeable salespeople who know New Jersey's coastal building codes.

"It's a difficult market right now for hiring," he says. It's especially tough in this area because I need a STAFDA-type guy. It's very hard to find a guy who knows fasteners and tools, compressors and generators and our building codes here. Ninety-nine percent of our customers are in the building trades. No homeowners walk through that front door."

That said, Verdi is upbeat about his prospects of finding the right people.

"By mid summer we hope to have two more full-time salespeople; one for north Jersey and New York and one for south Jersey," he says. "When we get the new software and salespeople in place, then 2018 will be tremendous. This year is already great but those things will streamline us and allow our salespeople to check inventories and process orders in real time, create invoices and send pick orders to our warehouse right from an iPad."

Verdi sees a definite niche for UpTite as an efficient, full-line and full-service STAFDA distributor for Asbury Park's growing economy.

"It all depends on how well you buy and where you want to go. Do you want to be the biggest guy on the block, or do you want to be manageable and profitable?" he says. "There's a lot to be said for being manageable and profitable and focusing on quality over quantity. If we can offer better pricing, better service and build lasting relationships with our customers, that's a good formula for success."

"Plus, no matter what you buy from us, you save 3.5 percent right off the top in sales tax. That formula is definitely working for us." **CS**

UPTITE FASTENERS AT A GLANCE

FOUNDED: 1984, purchased in 2014 by current owner

OWNERSHIP: Privately held

HEADQUARTERS: Asbury Park, NJ

BRANCHES: Asbury Park

FACILITY: 5,500 square feet total, including 2,500 square-foot showroom

STAFF: Seven

MARKETS: Commercial and residential construction

SERVICES: On-site delivery, tool repair, blade sharpening



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