

Global, Full Service Supply Chain Solutions for Fasteners and Class "C" Items



Jim Derry
President

About Field Fastener

Field is a full service, technically oriented, global provider of inventory management and complete supply chain solutions for fasteners and other Class "C" items. We are the best in the industry at providing ongoing cost reduction through both technical support services and inventory management systems.

Our inventory management programs improve availability, lower inventory, and reduce procurement and other non-value added costs. Our engineering team will proactively present your team with cost savings ideas you never knew existed. We're quite proud of the fact that Field's technical approach to fastening and our empowered team of experts have yielded 20% year-on-year growth since 1990. Field is ISO 9001:2008 certified. For the past 4 years in a row Field has been recognized by Inc. magazine as one of the fastest-growing private companies in America. Field currently serves over 900 customers worldwide and has over 150 VMI locations throughout North America, Europe, and Asia.

Field is the best in the industry at lowering our customers' total cost of fastening. We don't just say that, we contractually guarantee it.

To learn more about Field Fastener, please call 815-637-9002 or visit them online at <http://www.fieldfastener.com>.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Derry, would you tell us about Field Fastener?

Mr. Derry: Field Fastener was founded in 1976 by Dick Field. He spent most of his life in the manufacturing business. He worked for Camcar in Rockford, Illinois. He left Camcar to start Field Fastener as a distributor of fasteners for the Rockford marketplace. Dick decided to sell his company in 1990 as he was getting ready to retire. My brother Bill had worked with Dick and long story short, Bill and I agreed to buy the business from Dick. Bill continued in the fastener manufacturing industry and I moved back from Minnesota to Rockford to run Field Fastener (at that time, a company with a dozen people and revenue of about eight hundred thousand dollars a year). Bill joined the business full-time 2 years later. The value proposition we developed focused on helping customers save money by providing vendor managed inventory (VMI) systems and providing proactive technical support to optimize fastening methods. There continues to be significant demand for our value proposition in the marketplace. As a result, the company has grown at twenty percent a year on average for the last 23 years.

CEOCFO: For those of us who may not know much about fasteners, would you just give us a sense of the volume and the range? I am suspecting that is really quite huge!

Mr. Derry: The easiest way to get an understanding of what we do is to look at the products our customers manufacture. The products we supply are virtually everywhere. Some of the applications that are very common include the thermostat on your wall of your home or office, hand-held fire extinguishers, drinking fountains, garbage trucks, box trucks, street sweepers, rail cars, oil wells, football helmets, backyard swing sets, flush valves, just to mention just a few. Our parts hold all of these items together. The fasteners we supply are used in a wide variety of markets and products.

CEOCFO: How do you know what the right fastener is? What are some of the subtleties that Field Fastener can help people discern?

Mr. Derry: That is a great question. To the untrained eye they all sort of look the same. They have a head on it and some threads. However, when you do this for a living and you watch a customer assemble and join their product, we can find ways to improve the assembly process. One way we help our customers find the right fastener is by providing a line review or a product tear down, where we look at each step in the assembly process. We look at what products they are building; we tend to find ways to use slightly different fasteners or different methods of joining or a different amount of

torque or lubricants or locking components. We do all of this to help our customers find ways to make the process and quality of their product better. Sometimes those slight changes in the assembly method can result in significant savings. Many times the savings that we can generate exceed the value of the fasteners that they are buying. We have literally hundreds of cases where we have done these product reviews, teardowns or line reviews and it generates ways we can help for our customers save money or improve quality.

CEO CFO: Would you give us one or two examples there?

Mr. Derry: There is a device that Honeywell makes that is of relatively low volume. The volume of fasteners is only five thousand dollars a year. It is a relatively small device and there is not a significant amount of fastener components in it. When we went through and looked at how they assembled the product, we found that occasionally the screws that they used failed and then the device that they were making had to get thrown away. The bottom line is that when we did the analysis, the slight change that we made in the fastener saved our customer, forty-five thousand dollars a year. Therefore, the savings we generated were nine-times the cost of the components that went into it, because it eliminated a lot of scrap and rework.

CEO CFO: Are there many companies in your industry with the depth of Field Fastener?

Mr. Derry: There are thousands of people that are in the fastener distribution business, but only a relatively small number of them are really set up to do vendor managed inventory systems. Then an even smaller subset of that group has the technical orientation that our team does and has the breadth of an application engineering organization. We think the uniqueness that we have is the quality of these vendor managed inventory systems and the proactive nature of our application engineers. The combination of our VMI systems and proactive technical supports makes Field unique in our industry. We think based on our size we are the best at what we do.

"The part that makes us unique is that we have challenged the functional leaders in the organization, whether that is in sourcing or in quality or sales or information systems. We expect each of those functional leaders to create an organization that is best in class. Training is critical to the development of each team member and the team as a whole."

- Jim Derry

CEO CFO: Does everyone that should know about Field Fastener, know about you?

Mr. Derry: No, but our sales and marketing team is working on that!

CEO CFO: Are there particulars industries of focus? Are there particular geographic areas? Where are your customers coming from?

Mr. Derry: The majority of our customers are in North America. There is a pretty good concentration of accounts in the Midwest. Our headquarters is in Rockford, Illinois. However, we have many customers in Mexico; a big chunk of them on the USA border. In July of this year, we acquired a company called HRS Logistics that is located in Tyler, Texas and has several locations in Mexico. The business will grow significantly in Mexico over the next several years.

CEO CFO: Was the acquisition opportunistic or is it part of your growth strategy or both?

Mr. Derry: Yes, it was both. It was clearly a part of our growth strategy. As I said, we have grown at twenty percent a year since 1990 and part of this strategy is to build an infrastructure that is capable of supporting an acquisition of this size. We have made several acquisitions in the past 23 years. About 1 year ago we hired an investment banker and developed the criteria we were looking for. The most important aspect is that HRS Logistics has cultural alignment with our organization. We serve different markets in different locations, so the combination makes us a stronger company

CEO CFO: Would you tell us about Field's team approach, how it exists today and as you grow, as you continue perhaps to acquire companies, how you maintain that culture?

Mr. Derry: I would say that the team at Field really is extremely important. Teamwork is not just a buzzword. It is not something that we just talk about. In our business our people are really the only thing that differentiates us from our competitors. The products we provide have to meet the customer's specifications. We all use similar computer systems. We all have warehouses and trucks. Therefore, the only difference is the people that we have in the organization. We put a significant emphasis on the culture of our business. Our culture is built around a series of shared core values, a common mission, a shared vision of the future, ongoing training and we like to have fun. As leaders, we try to provide direction on where we are going and the tools to get us there, then we get the heck out of the way and let people do what they know how to do and what they do best. That is really the essence of the company. We try to foster an empowered group of people that are passionate about doing the right things right. The culture of the company is what makes us different and unique.

CEO CFO: As you mentioned, there is a lot of technology involved in controlling inventories and keeping track. How do you stay on top of new technologies and when it might be time to change or tweak the system and when it is just a flash in the pan?

Mr. Derry: We have always tried to push the limits of the use of technology. Philosophically, if something does not go well or there is a problem, our orientation tends to be, "how do we use the current system or a different system to prevent the problem from happening again." Therefore, we look at the systems as our first line of defense to making sure that we always meet our customer's expectations. We look to systems to help make sure that we do what our customers need. They want the right product on time every time. Therefore, I think the focus is how we deploy systems that insure we meet our customer's expectations. We also look at technology to help drive continuous improvement and LEAN. Field has over \$1,000,000 in documented lean savings over the past few years.

CEO CFO: Your website mentions customer tailored training programs? Do you do much in the way of training?

Mr. Derry: Yes. We have a very extensive training process. I think the part that makes us unique is that we have challenged the functional leaders in the organization, whether that is in sourcing or in quality or sales or information systems. We expect each of those functional leaders to create an organization that is best in class. Training is critical to the development of each team member and the team as a whole. We utilize many sources of training as a part of each team members "Individual Training Program" (ITP). Some training is done internally by more experienced team members. We conduct on-going training to help us work together as a growing organization. We utilize external resources for more detailed and specific training. Networking and best practice sharing with forward thinking companies has proven very helpful.

CEO CFO: What surprised you as the business has grown and developed, particularly in the last couple of years when you are looking to make your mark?

Mr. Derry: There has not been a single challenge that has come up that we have not been able to overcome as a company. We have faced significant challenges meeting customer expectations, supporting 20% annual growth, implementing new systems, expanding facilities, acquiring other business and surviving the great recession. The team has always rallied around and done whatever we need to do as an organization. Therefore, I guess I am a little surprised that there is nothing that we cannot do as a team if we work together.

CEO CFO: You were recognized by Inc. Magazine. How are you continuing that traction? What is ahead? Why does Field Fastener standout?

Mr. Derry: The Inc. recognition has been great! It is nice to be recognized by a well respected publication as a rapidly growing company. We are built for growth. Our whole orientation as a company is to grow the business. That means hiring the right kind of people, providing the right kind of training, and having the resources available so that when new opportunities are generated, we are positioned to capitalize on them. We are committed to maintain an aggressive 20% per year growth rate going forward. We will continue to look at acquisitions as a part of our growth strategy. But, if we grow at 20% per year and don't maintain or improve our Culture, we will have failed. Culture is more important than strategy in our organization.

BIO: Field President Jim Derry has more than 24 years of Fastener Distribution experience. He is a six sigma black belt and believes strongly in lean principles to drive efficiency and continuous improvement. As President, Jim will ensure Field meets the needs of its global customer base and that Field has the infrastructure in place to sustain high growth.

Jim has a mechanical engineering degree from the University of Illinois and was previously Chairman and a two-time member of the National Fastener Distributor Association (NFDA) board. He also served as chairman of NFDA's Information & Technology Committee.



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