



Proprietary Intelligence

UNCS would seriously consider sale or merger to accelerate growth, president says

United National Consumer Suppliers (UNCS) would consider a merger or sale to accelerate growth before an anticipated IPO, said Brett Rose, president and sole owner of the company.

The Fort Lauderdale, Florida-based distributor of overstocks has a five-year plan to go public but welcomes approaches from financial or strategic investors anytime before then, Rose said. The company is projecting 2011 revenue of USD 13m, and desires to grow to USD 50m to USD 100m.

UNCS recently hired a new accounting and law firm, Marcum and The Smith Law Firm, respectively, which are both also advising the company on overall growth strategy and preparing UNCS to react to any potential opportunity, Rose said. Organically, UNCS is growing 30% and expects to hit USD 50m in 2015.

UNCS is a wholesale distributor of manufacturers' closeouts, excess inventories and overstocks. It has 20 employees and processes about 40 transactions a week, Rose said. The company has been profitable since day one, and, Rose said that "for the first time in nine years," it has all the right people in the right places, enabling it to run effectively without him.

UNCS could use outside capital to funds buys, as the industry is shifting to a younger generation, with many owners nearing retirement and with no succession plan in place, Rose said. UNCS has received no less than a dozen calls from these types of small, one- or two-man companies looking to sell throughout the past year.

UNCS would also like to expand its international business and develop additional revenue streams, including potentially marketing its proprietary software to other distributors, Rose said.

In terms of strategic buyers, UNCS would be a "great addition" for retailers seeking to diversify. He noted the success of **Big Lots**, and questioned why more retailers don't cover both aspects. He named **Walmart**, **Publix** and **Neiman Marcus** as examples of large retailers that could find the sector complementary.

The average price of a UNCS item is more than USD 10, Rose said. Short of dairy products, it will buy "anything you can find in a Walmart," and maintains more than 50 product categories, he said.

The company has the possibility of reaching USD 15m to USD 16m in 2011 revenue, Rose noted, as it is going into 4Q11 40% ahead of any other year. In line with the holidays, UNCS can often amass 40% of total revenue in the fourth quarter, he pointed out.

UNCS was founded in 2002 by Rose as United National Closeout Stores. It changed its name in 2007 to better communicate UNCS's position as a supplier to retailers and not an actual storefront for consumers.

by Deborah Balshem in Fort Lauderdale, Florida