

# Intermatic is all about innovation

Until now, the safety, security, and convenience of sophisticated home automation systems were luxuries reserved mainly for millionaires and techno-geeks—too costly and complicated for the masses. But Intermatic is working to change that. The Spring Grove, Ill.-based company has developed a line of wireless products for the mainstream residential market that can be easily networked to control home lighting, entry access, pool and spa, theater, window treatments, security, and other systems.

The In-Touch line continues a tradition of innovation in the 115-year-old family-owned company—and takes it to a whole new level.

“Our strategic intent is to make life productive, convenient, and safe, through the innovative use of electrical current,” said David Kinsella, national accounts manager for Intermatic. “The In-Touch home automation system is the latest example of that.”

The company has a long history of revolutionary products. It was incorporated in 1891 as Pratt and Englund Company, a maker of portable streetcar fare registers. During World War I, the company invented the wind vane sight for machine guns to allow them to fire between rotating propeller blades. During the Great Depression, the company manufactured coin meters that let people buy home appliances by making daily payments. The Intermatic time switch, introduced in the

mid-1940s, was used to control electric signs, store lighting, apartment hall lights, and oil and gas burners.

A major shift in strategy came in the 1960s, when the company moved from reliance on sales to original equipment manufacturers to proprietary lines, the Malibu low-voltage line chief among them. It sold off its OEM lines in 1970 and, renamed Intermatic, acquired photo control and electronic timer lines, entered the surge suppressor markets, and expanded its flourishing Malibu landscape lighting division.

The company continually invests in state-of-the-art technology to improve the value of its products and its service to customers. It has been a pioneer in providing employee benefits such as a retirement program, life and hospitalization insurance, company-paid educational costs, and innovative health programs.

Intermatic today celebrates 22 years of consecutive top-line and bottom-line growth. It has expanded its global workforce to more than 4,000, with sales in more than 100 countries and operations in Europe, China, Mexico, Canada, and the United States.

“Customers see us as being innovative solution providers,” said Mark Garrett, vice president of industrial sales and marketing. “We’re known for having high-quality products and a strong customer focus.”

In developing the In-Touch line, Intermatic has partnered with the

Z-Wave Alliance, a consortium of top manufacturers dedicated to promoting Z-Wave technology as the standard for wireless home control products that are affordable and interoperable.

“Historically, the market for home automation and controls was mainly for homes above a million dollars,” Garrett said. “What we’re trying to do is bring automation to homes between \$300,000 and \$1 million.”

Intermatic identified several trends that helped drive its latest product development.

“One is that the home is becoming more than just a place where people sleep at night, but really where people enjoy more of their lives,” Garrett said. “People are taking fewer vacations and spending more time at home.”

In addition, networking is becoming more important to people, whether it’s for communication between wireless devices or for home security, he said. Further research revealed people who have second homes want to monitor those homes from afar. And baby boomers are concerned about the safety of their elderly parents and are looking for alternative ways to stay in close touch.

When it comes to customer service, Intermatic is focused on continuous improvement and ways to create value.

"We see inventory as a strategic advantage, and we try to place it as close to the customer as possible," Kinsella said. "We recently implemented a new phone system for the customer service group, so that when distributors call in, their calls are routed to the right area. Also, we co-located our customer service, marketing, and technical service groups, so if someone calls with a technical question, there is a knowledgeable rep available to answer it."

Intermatic also sees electronic commerce initiatives such as electronic data interchange (EDI) and the Industry Data Warehouse as important to good customer service.

"EDI improves accuracy and saves time. We see that as an opportunity to drive costs out of the channel, not only for us but also for our distributors," Garrett said. "It's refreshing to see the number of distributors that are becoming more interested in doing electronic commerce with manufacturers and realizing the costs they can save in the process."

Garrett sees a number of marketing opportunities distributors can take advantage of.

"One thing facing all distributors going forward is utilization of space in the counter area," Garrett said. "That's valuable real estate. We see opportunities there, with some creative marketing, to provide a higher return on that floor space."

Another opportunity facing distributors is category management, Garrett said. "Essentially, category

management is having the right products in the right place at the right time, customized to the local market. We're given space in an electrical distributor's business, and we manage that for the distributor by optimizing their inventory."

For the distributor, category management means higher sales figures, greater margins, and better inventory turns, Garrett said.

When it comes to product development, Intermatic seeks to drive innovation into every product, whether it's an established technology or a new one.

"When a product comes down the pipe in our engineering department, we look at it under the microscope and make sure there's innovation driven into it that provides real value," Garrett said. "We're not looking to come out with me-too products."

The company is now spending more time up front in the idea phase of product development, Garrett said. That includes customer focus groups and consultation in the field with end users, as well as locating marketing and engineering employees together to improve communication and streamline the new product development process.

"We have a corporate goal to reduce new product development time by 25 percent," Garrett said. "We should be able to come out with a new product within no more than nine months." Intermatic demonstrated that capability with

the successful launch of the recessed weatherproof cover in 2005. Customer response has been strong—proof positive that it pays to listen to the customer.

IMARK fits well with Intermatic's business strategy, Kinsella said.

"We've more than doubled our exposure with IMARK over the last five years. The commitment to the group by members and IMARK staff has been nothing but good for the suppliers," Kinsella said.

"Our way of doing business, and how we view our business, fits well with IMARK members," Garrett said. "Like IMARK members, we make decisions based on fact, we're focused on customers, and we do things quickly. We talk the same language and have the same passion about the business."

For the future, Garrett said IMARK members can expect to see an even greater focus on innovation and product development at Intermatic, as well as close attention to customer needs.

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