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EXECS SAY



(l-r) Jamie Vos, general manager, Security Solutions NW, Bellingham, Wash.; Jeff Kahn, general manager, Wayne Alarm Systems, Lynn, Mass.; Scott Hightower, CEO, Verified Security, Atlanta; and Ronnie Haught, CEO, Alarm Systems Inc., Quincy, Ill., are all smiles thanks to strong growth.

ENGAGEMENT IS EVERYTHING

Leaders from four security systems contractors pinpoint relationship building and interactive services as the lynchpins for success in today's marketplace. Find out why they contend the status quo is a dead end and how changing lanes is opening up new avenues of revenues. **By Scott Goldfine**

YOU WON'T FIND any ostriches in this flock. While having one's head in the proverbial sand may have once flown in the security industry, today there's a new pecking order. Providers are migrating from building their nests with projects and products to delivering services and solutions. Those with eagle eyes are swooping in on the opportunities and soaring to new heights of success. The sky's the limit — unless you're a birdbrain or a chicken where it comes to change, in which case your business may be a dead duck.

Four alpha security dealer/integrator birds of a feather recently perched together at Honeywell's Connect 2016 event in Hollywood, Fla., for SSJ's annual roundtable to crow about their conquests and offer a birds-eye view of strategic flight plans being hatched. A centerpiece of the Industry Forecast Issue, this year's gathering features Ronnie Haught, CEO, Alarm Systems Inc. in Quincy, Ill.; Scott Hightower, CEO, Verified Security in Atlanta; Jamie Vos, general manager of Security Solutions NW in Bellingham, Wash.; and Jeff Kahn, general manager, Wayne Alarm Systems in Lynn, Mass.

Take a gander at how these high-fliers are empowering their employees and streamlining efficiencies while using interactive, managed services to more deeply engage their customers. The foursome tells why one recurring revenue client in hand is worth two in the bush and reveals how to goose profits so you won't have to wing it.

We chatted offline about how strong 2016 was for your businesses, but what are you anticipating for 2017?

JAMIE VOS: We see 2017 as another big year. The multifamily market, which we're heavily invested in currently, is booming, especially in the Northwest. We have Amazon moving in, Google moving in, us moving into the Seattle market from a small town. We see a lot of growth potential really focusing in.

In 2017, we are really going to grow our interactive video services. That's one of the things we're growing at just an absolute record rate. It's a service, and with that you've got to use higher-end equipment. And you have to provide a very high level of service. With those clients, we've seen zero attrition in over five years.

We see that as kind of a competitive edge. It's very difficult to figure out, expensive to get into with the knowledge base. Finding the right people, training

the right people, eating a couple of losses, but overall it's been a phenomenal market for us. We're very good at it and we're growing by leaps and bounds.

We're planning on being able to grow our force exponentially by bringing in some entry-level wirepullers and hole-drillers on multifamily sites. We can see those who are motivated to succeed. We can promote them up and turn them into trimmers. Then if they show more, we can bring them into the office and turn them into IT. So we have all of that opportunity to grow within our business. I think it's so critical to get these kids young. Get them when they want to be out there and active.

I see a lot of growth opportunities. The construction market continues to boom and services are a big thing for us. Recurring relationship is what I call it; not recurring revenue but recurring relationship.

However, on the traditional RMR

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**JAMIE VOS, GENERAL MANAGER,
SECURITY SOLUTIONS NW, BELLINGHAM, WASH.**

"I don't sit and wait for customers to come to me; you've got to have a good product and go after them. What I've seen coming to events the past couple of years struck me as really kind of ass-backwards. I thought, these guys are kind of fat, happy and lazy. I might be fat, but I'm not lazy and we're going to make things happen."

RONNIE HAUGHT, CEO, ALARM SYSTEMS INC., QUINCY, ILL.

side, I see attrition growing and becoming a larger problem. The industry hasn't been out there in front of AT&T where you come out and get a new cellphone every two years. We haven't been doing that. The cable companies are here to stay. They're not leaving our industry and they're poaching at a very rapid rate to try to gain that stickiness. I see that becoming an increasing problem. I see attrition from the big boys happening at a record rate in 2017.

Our industry is truly changing, and I think it's going to happen at a more rapid rate because interest rates are going to go up. Money is going to become more expensive, and so they want to get their money out there while it's cheap.

SCOTT HIGHTOWER: We're very optimistic about 2017. The pipeline is already filling. The economy seems to be doing fairly well. Certainly, in the Southeast where we're located, Atlanta continues to attract new corporate headquarters, the relocation of existing corporate headquarters. So with that comes new commercial construction, new residents moving in. Then all of the services have to fill in behind to support all those new residents. They need healthcare, restaurants, all of these ancillary services to support the growth in the population. The growth seems very strong and we're excited about it.

Similar to what Jamie talked about, we continue to move further into providing interactive services. We are fairly active in the hosted and managed access control market. It takes an investment to provide that service. You have to have the staff to do it and there's a lot of handholding. The customers expect a high level of service, but it's got great recurring revenue.

In our case, because it's a commercial market the attrition is lower. We're not fighting for those residential customers. Interactive services continue to grow and with it a base of recurring relationships and recurring revenue.

JEFF KAHN: Internally we have had our issues managing the growth, just like every other company. But our customers are thrilled, so as long as we can keep doing that we'll continue to keep pushing forward and growing. If we can grow 20%-30% in 2017, that would be good. We always do a couple of acquisitions each year as well. Also during 2017, we're re-doing our monitoring center. We held off on some things in 2016 because we knew that change was coming.

We're fortunate we have a conference room we moved down a level that abuts our monitoring center. So we're going to be able to build the whole monitoring center in this room while still operating every day. That is a rare opportunity. So we're looking for a smooth transition but as part of that we'll be going to the interactive video. We already host managed access and so we'll be looking at going

guns a blazing. That will probably be done in the spring.

We tend to over-service and so we're trying to find ways to make more money. We look at, if we're going to do this for our customers, we should be able to get more money for it. We really should not do anything for free and so with things like the interactive video, if we're providing the service every day, we need to be able to get more money.

RONNIE HAUGHT: For professional service, it's professional price, plain and simple. To help manage our growth, one of the things we did at the very beginning of 2016 was invested heavily in new software. We sent a whole bunch of people off to project management school. Then we turned around and put those people in charge of our own projects in regard to changing our ticketing systems, changing how we do our accounting, changing how we do that entire flow. We've tried to really build our efficiencies without having to add staff. That in itself has created a tremendous amount of efficiencies, and increased our profitability.

We have extended these efficiencies throughout the company, including how our tens of thousands of calls are managed through our central station and call center. We've taken all those processes and integrated our entire workflow together, so where before you had separate systems and separate people, it's all one system now. So where you had delays or issues, it's a much more cohesive and even flow. That's what saved us. Otherwise, we might not have survived the growth.

"One of the things I really like about the managed access control business is we interact with the customers sometimes daily. When you think about a traditional model in our industry, their monthly interaction is receiving a bill and that's it unless something goes wrong. In managed services, it can be access, managed video, other interactive services, but we're having daily or weekly interactions."

SCOTT HIGHTOWER, CEO, VERIFIED SECURITY, ATLANTA

That touches on an important operations challenge, which is effectively managing the growth when business is booming. What steps are you taking?

VOS: We're doing the same thing as Ronnie, putting in place a brand new software system. It integrates CRM all the way into project management and customer retention down the road, building in all that stuff. We figured the only way we're going to be able to sustain this kind of growth is through efficiency of software. That's a significant investment we're making not only in people hours but the cost of doing it as it's a cloud-based product with ongoing monthly costs. But we're building for our future.

KAHN: A lot of the technologies part benefits us too. With open architecture through APIs, we started to integrate our central station software with SedonaOffice. Even though it wasn't build-in integration, we now have our operators seeing when our techs are onsite and that's been huge. We've used technology to increase our efficiencies, to your point, and that's been huge for us. Our philosophy is we want every staff to know everything there is about Wayne Alarm. If I call in and say I need this or that, I want the person who answers the phone to be able to handle it. For 2017, we've created systems that help us do that so our people can be empowered to answer virtually any question.

HAUGHT: As an outsider from the telecommunications industry relatively new to security, one thing I've learned is there are a lot of legacy people in this industry. They have legacy ways of thinking about business and I think part of our success is we've turned that business model upside-down and looked at how to go about things the exact opposite.

I don't sit and wait for customers to come to me; you've got to have a good product and go after them. What I've seen coming to events the past couple of years struck me as really kind of ass-backwards. I thought, these guys are kind of fat, happy and lazy. I might be fat, but I'm not lazy and we're going to make things happen. We've learned from the worst of this industry and the best of this industry, and then applied other matrices to it.

HIGHTOWER: Hearing you makes me think about how the industry continues to shift, and there's more acquisition activity. It seems to me the acquisition pace is accelerating. It seems like regionals are getting bigger and there are fewer small players. With that there's this move toward systems development, process development, quality improvement, things that have affected other industries for years but maybe were a bit slow coming to some parts of our industry. It seems now there is more of that.

revenue accounts, and we force our sales guys to follow up. I told the guy I have in charge of our systems and services support — and this is painful for me — that I don't care if service loses money so long as we're taking care of the customer. So service is a function of retention for us, not a function of profit. You still have to charge a lot for it to even break even, but it's a function of retention. It's worked exceptionally well. Our customer experience has gone way up.

Other keys for us have been consoli-

"We believe you've got to pay pain. You're either going to pay pain when you're right upfront or you're going to pay the pain at the end of the day when you didn't do it. We want to pay the pain upfront. Customers expect people to do their job. They expect people to resolve issues, right when they call. When you do make mistakes, people are more understanding because you treated them right."

JEFF KAHN, GENERAL MANAGER, WAYNE ALARM SYSTEMS, LYNN, MASS.

What specifically separates you from your competitors?

VOS: The big differentiator for us is managed services and then executing at an extremely high level. Most people aren't doing a good job at a high level in our industry. They've been able to sit back and coast, but we take it very seriously. One of our values is going the extra mile. I think that sets us apart. The product offering is pretty sweet with the interactive video and managed access. Most would-be competitors don't understand it. They fear it. They don't know how to charge for it, so it really has been a very good differentiator for us. That recurring revenue gives us stability.

A lot of companies talk about relationships and being a partner with the customer. But how do you maintain that? What's the secret sauce for making sure that up and down the organization it's maintained and carried out over time?

VOS: We have a team of people inside the office that just maintain our recurring

dating brands, not being the brand-of-the-day guy but actually picking something and sticking with it. And lastly, it's about training, so people in the business are knowledgeable.

HAUGHT: I only sell Honeywell, period, across every platform and that I think has been our differentiator. When I send a sales guy in there, he doesn't have to go flipping through a catalog to search for a solution. We've educated our people by working very closely with the manufacturer to get the best product knowledge. We're on pretty much the edge of a lot of the new products coming out, and we make sure we invest in that. We tell our field service managers I want everybody booking at least two hours a month of online training and then if they've got downtime or need something let's cycle them through.

We've also looked at rapid response. I'm not going to tell you I can have a technician there in three weeks, which is what a lot of national players do. When they send you a technician, they send you a

technician. They don't send you somebody who would be considered a field engineer. We make sure we do that.

Let's continue with the initial question of what specifically differentiates or separates you from your competitors?

HIGHTOWER: For us, it's the managed services model and we're big on hands-on service. It's easy to say, "It's customer service," that's something people can throw around. But for us it's tailoring that solution and having the ongoing relationship.

One of the things I really like about the managed access control business is we interact with the customers sometimes daily. "We've added a new employee; can you please add a card for them?" We'll then take care of it right away. When you think about a traditional model in our industry, we sign someone up for a monitoring account. Their monthly interaction is receiving a bill, and that's it unless something goes wrong. In managed services, it can be access, managed video, other interactive services, but we're having daily or weekly interactions.

Those touchpoints are really important. If you can provide an excellent experience in that touchpoint there's a relationship and affinity. It's, "Wow, they've got great people. They take care of me every time I call. They're on the spot. If I have an after-hours emergency, they're available." We win business from customers who say, "I can't get my other company to return my call." That always blows me away. I don't know how anyone stays in business. It's about blocking and tackling and good execution. It's about being there.

Like Ronnie, I was in telecommunications before security and we compared customers who had a longstanding customer relationship but no interaction other than receiving a bill to a group of customers that had had a service problem in which a technician fixed the problem to their satisfaction. We looked at the satisfaction of those two groups and the people who had something break that we fixed, even if they paid for the service call,



Security Solutions' Jamie Vos shares how he has all but eliminated attrition by forging deeper relationships with clients via selling interactive services. The four top security dealer/integrator execs gathered with SSI Editor Scott Goldfine (r) at Honeywell's Connect 2016 in Hollywood, Fla.

were happier than those where everything worked fine all the time and they just got a bill.

Not everything is going to go right all the time. But when it does go sideways, if you can be there, pick up the pieces, fix the problem, take care of the customer, or even have an ongoing service model take care of that customer, they're going to be a satisfied customer willing to pay for that service.

KAHN: One of the things we do is the Net Promoter Score. We wanted to find out what we were doing, and not pound our chest and say how great we were. So we have used that as a tool to really measure our performance. It gets everybody involved who is part of the job. Our industry is very cool in that every opportunity that comes in gets touched by every department. I can look at it, measure it, see where we did well and where we didn't. The Net Promoter Score has allowed us to celebrate as a company. A customer isn't just going to call in if the admin has treated them well or the monitoring has treated them well. Everything goes into that score.

So then we actually have a sales guy follow up and call to the customer to create interaction. We believe you've got to pay pain. You're either going to pay pain when you're right upfront or you're go-

ing to pay the pain at the end of the day when you didn't do it. I preach this every day. We want to pay the pain upfront. Customers expect people to do their job. They expect people to resolve issues, right when they call. When a customer calls in, our main goal is handle it then and not to transfer. We answer live and there's no auto attendant.

At the end of the day when you do make mistakes, people are more understanding because you treated them right. They have not had to go through the hassle of hold, repeating their story, those kinds of things. We look at the customer experience every single day, from the owner to the leadership team all the way down to the warehouse staff.

HAUGHT: I think the industry has shifted. Peoples' expectations have shifted. As an example, the past two years there has been a big push for DIY, which is a Millennial ideal. We looked at it closely and determined it wasn't worth it for us. If someone is willing to go DIY then maybe quality is not that important. If you're the SimpliSafe guy, God bless you. I'm happy you're happy with that, but I don't want your business. If you want me, you're going to pay for it. We make that differentiation to the customers by the way we provide service. ssi