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## STAYING FOCUSED

**BUILDING A BUSINESS  
MODEL ON JUST TWO  
PRODUCT DISCIPLINES:  
MOTORIZED SHADES  
AND LIGHTING CONTROL**

**PAGE 28**

Powerfull  
Systems

Shalom Illouz  
Powerfull Systems  
Los Angeles, Calif.

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# NURTURING A NICHE

Instead of diversifying, Powerfull Systems focuses solely on being experts in lighting and shade control ... that's it.

BY JASON KNOTT, PHOTOGRAPHY BY RAFAEL ORTEGA

**D**IVERSIFICATION has been a buzzword in custom electronics for a while now. Integrators are cajoled to sell and install multiple product disciplines and seek out multiple vertical markets to attack. It has gotten to the point where an integrator might believe that if he doesn't offer audio, video, control, networking, security and central vac to builders, homeowners and commercial clients, he might as well fold up shop and quit.

But Powerfull Systems in Los Angeles has basically ignored that advice, opting instead to focus on a single business niche: lighting and shade control. That specialization helps differentiate the company, and in general for many businesses allows for higher prices and margins. Powerfull's go-to-market strategy is also narrow, with a focus on working closely with interior designers primarily, although relationships with architects, builders and existing homeowners directly are part of the equation also.

Along the way, CEO Shalom Illouz just might have figured out how to create the best possible business relationship with the interior design community. (See sidebar on page 31.) Setting aside his ego, Illouz uses the not-so-secret formula of treating designers as his clients, not as potential obstacles to

## Quick Stats

**COMPANY:** Powerfull Systems  
**LOCATION:** Los Angeles, Calif.  
**WEBSITE:** [powerfullsystems.com](http://powerfullsystems.com)  
**PRINCIPAL:** Shalom Illouz, CEO  
**YEARS IN BUSINESS:** 15 years  
**NUMBER OF EMPLOYEES:** 20  
**SPECIALTY:** 5 core services: Lighting Control Systems, Motorized Shades & Window Treatments, Energy Control & Management, Solar Power Systems, and Interior Finishes.  
**TOP 5 BRANDS:** Lutron, Vantage, MechoShade, Hunter Douglas, Trufig  
**FYI (ONE PIECE OF ADVICE TO ANOTHER DEALER):** Select the brands you carry carefully, be an expert at something you enjoy and don't try to offer the world.

forging a direct relationship with the homeowner/end user. At the same time, the business alliance is built on treating each other as equal trades on the job.

## JUST LIGHTING CONTROL AT FIRST

Illouz knew at least half of the direction he wanted to take Powerfull Systems from the onset. Back in 1998 when the company started, lighting control was its sole target product niche.

"When we started, lighting control was a luxury. Today, it's a necessity," he says.

"Over the years, we became an expert and soon we were entirely focused on lighting controls, specifically Lutron."

Gradually, Illouz says, he started encountering the need for shade control on many of his lighting control projects. "In 2004, when Lutron acquired Vimco, we were introduced to the shading market. In the beginning, we did not see ourselves as a shading contractor. It was a completely new direction for us. We got involved with Lutron and sort of grew with the category."

The move made sense, especially in Southern California. A large percentage of



“Before, it was strictly new construction where you would see motorized shades. Today, people are searching for the category,” says Shalom Illouz, CEO at Powerfull Systems.



## POWERFULL SYSTEMS HAS GOTTEN HEAVILY INVOLVED IN LED COLOR-CHANGING LIGHTING AND ENERGY MANAGEMENT SYSTEMS.

Powerfull Systems’ clients live where views are important — on hillsides or at the beach — with lots of windows. At the same time, the region’s population tends to be energy-conscious. The emphasis on shades led Powerfull to connect with Frank Tapanes, who had been working in the motorized shading and drapery field since 1984 with his own window coverings company. Tapanes specialized in manual shades.

“We would run into each other on the same jobs all the time,” says Illouz. “Instead of continuing to compete with each other, we decided to take it to next level and team up.”

So in 2008, Powerfull Systems created a joint shading and lighting control division. Tapanes notes, “Now we have grown to the point where shades have become the leader in our company and lighting is close



**CE PROFILE**  
POWERFULL SYSTEMS



behind.” He estimates that 60 percent of the company’s business is shading related and the other 40 percent is lighting control.

“We specifically chose to stay in lighting controls and shades and be an expert at what we do versus offering too many solutions,” says Illouz. Recently, Powerfull Systems has gotten heavily involved in LED

**POWERFULL'S SHALOM ILOUZ USES THE NOT-SO-SECRET FORMULA OF TREATING DESIGNERS AS HIS CLIENTS, NOT AS POTENTIAL OBSTACLES.**

color-changing lighting and energy management systems. “We also offer (Lutron’s) RadioRA 2 and battery-operated shades.”

The company tends to concentrate on working in high-end new construction, and retrofit and remodel projects, maintaining a consistent mix of large and small projects. On the high end, Powerfull Systems rou-

tinely has jobs that cost as high as \$400,000.

“Things have changed so much over the years. Before, it was strictly new construction where you would see motorized shades. We would only get involved in the job after the architect is done and after the designer has already done most of the legwork in the design of the home. Then they start looking for an integrator after the fact,” says Illouz.

“Today, people are searching for the category. They are looking for motorized shades. So we are getting more involved with renovation and remodeling projects where the homeowner himself is trying to run the show. They often don’t have the expertise or they get a little over their head because they start with one little project and it ends up being the whole house.”

He continues, “We just encountered a project the other day in Hawaii that started with just one shade. Then it grew to multiple shades in different rooms and now it’s a new-construction addition. So now we are in a good position to introduce that home-

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owner to a designer. We can sell shades all day directly from the fabric book, but a lot of times clients are looking for a little bit more and we need the expertise of a designer with the colors, textures and materials. About 20 percent to 30 percent of the time we are referring designers to the project.”

#### **OPERATIONAL CHALLENGES, TIPS**

“I think the biggest challenge is time management,” says Illouz. “Competition is a good thing; it means there is a good market

for what we do.”

The company recently moved into a new 3,000-square-foot facility and will be opening a showroom/experience center in the first quarter of 2014. Illouz hopes to make the location available to all trade partners as a place to meet, learn, explore and grow.

“We pay special attention to four metrics: customer satisfaction, team productivity, referral/conversion rate and revenue,” says Illouz.

“We offer service contracts, and we do

our best to service promptly and solve issues in a single trip. We strive to be the best and won't settle for anything less. We believe in always doing the right thing for our clients even if it means going into our own pocket to solve a problem and find a solution for them. To be where we are today we made some key strategic decisions; we put together a very diverse team that cares about the company and its clientele. We try as much as possible to be a proactive company and not a reactive one.” **CE Pro**

## Getting Close to Designers

ONE OF THE DIRECT BENEFITS of being involved in the lighting and shade control business is the interaction with interior designers. Much like architects, builders, electricians, general contractors and real estate professionals, designers are a coveted trade for integrators to establish relationships with. Indeed, according to 2013 CE Pro Readership Study, integrators say that 6.5 percent of the time an interior designer has the final say on product selection.

Over the years Powerfull Systems has developed a solid business model working with the design community.

“We believe that we are an asset for the design community. We can provide them a one-stop shop, with a lot more products and solutions than a simple work room. We can wire, install, set up and program. At the end of the day if the job is well done it's a great reflection on the designer's team. Our goal is to achieve the result the designer envisions for their client and contribute to his/her profitability,” says Illouz.

In the business model, 90 percent of the time the designer has the job first and in most cases remains the primary contact for the homeowner during and even after the job, but every situation is different.

“They call us asking for recommendations,” says Illouz. “The sales process is a collaborative one. The designer has gained the trust of the client so the homeowners really depend on their recommendations. Our job is to make sure that whatever they are proposing will work and they won't have any problems.

“The designer brings us to the project, explains what the design intent is, who the client is, and what they are looking for. We normally end up having multiple meetings going over fabric selection, selecting the samples and providing them to her, then she does the final communication with the homeowner,” says Illouz.

Debbie Fogel of Fogel Interiors, a 20-year-old firm in the L.A. area, is a design professional that relies heavily on Powerfull Systems. “I basically defer to Powerfull as to what they think I should do. I could do draperies on my own all day, but the technology is getting better and better every day so we are able to bring a better product and solution for our clients.”

Fogel always likes to bring Powerfull on to the jobsite during framing to make sure they can be ready to accommodate any prewiring solutions needed prior to drywalling. It is always at the jobsite, because many times the aesthetic that needs to be accommodated is the view outside the window.

Many times Fogel and Powerfull team with meet jointly with a client, and Frank Tapanes at Powerfull says the sales technique that works best is to discuss shades *before* lighting, focusing on energy control, solar glare and maintaining the view.

“Often we go into a home with only one or two shades in the proposal and I will suggest lighting needs,” he notes. “Then I recommend that they meet with Shalom and he will lay out the lighting structure for the home.”

Often, Powerfull Systems specs the job and creates a proposal file for the designer that includes rough sizes and materials for the shades. “If it's a large project with lots of windows, you need to provide as much information as possible for the designer because she has to explain to the homeowner what the quote is all about,” says Illouz.

Fogel says she then marks up the product in the specification sheet and adds her commission on top of the Powerfull Systems price and puts it into the proposal.

“Every situation is job specific,” Illouz explains. “When we are working with the designer, we are working with another trade. Everyone knows there are trade discounts. So we are accessing the products at a trade discount which is job specific and designer specific. But at the end of the day, you want to have the job and the designer does not want to lose the job because the shades are too expensive. So you work out something that is not too expensive, something that is reasonable and is a win-win for everybody.”

Whether the integrator found the job first or the designer, the key is finding that common ground where they work collaboratively and represent one face to the client.

The company is now proactive with other trades, holding lunch-and-learn programs inviting architects, designers and general contractors twice a year. ■