

## The formation of CEDIA in 1989 marked the official launch of a brand new ...

... industry - an exciting industry - that grew rapidly during the go-go 1990s. Technology made it possible for dealers willing to get the necessary education to offer their customers music and video in every room, controllable via keypads and touch screen user interfaces. Before long, controls for heating and air conditioning, for lighting, drapes, intercoms, telephones and security systems, could be integrated into these “*whole house systems*” as well. Sometimes, what was deemed cool early on - those illuminated keypads on the walls of every room in the house, for example - was considered a garish eyesore just a few short years later. Functionality and ease of use were not enough. Invisibility and minimalist aesthetics (at no loss of performance and reliability) became the holy grail.

### A COMPANY WITH THE RIGHT STUFF TO HELP LAUNCH AN INDUSTRY

Obviously, to give rise to a whole new industry there had to be a critical mass of players - and there certainly was. But on the manufacturing side few companies so perfectly epitomized this new industry as did **Audio Design Associates - ADA**, which was founded by **Peter McKean** and **Albert Langella** in 1977. Langella, the engineer (also affectionately known as “*the mad scientist*”), built his first one of a kind single source/multi room and multi-source/multi room systems for his customers in the mid-1970s, predating CEDIA by a good dozen years. At the same time, McKean presented the company’s “*lifestyle electronics*” to architects and interior designers. High end fashion and shelter magazines featured them in lavish spreads. One, in particular, said **Richard Stoerger**, who joined ADA in 1988 and today is the company’s VP and COO, was a 10+ page illustrated article in *Town & Country* that ran under the headline, “*The Media Room Is the Message.*” After that, Stoerger recalled, “*the phones really started ringing.*”

Not surprisingly, ADA was also one of the companies that were instrumental in the launch of CEDIA and they have vigorously supported the organization from the very beginning. Langella was named the first-ever CEDIA Lifetime Achievement honoree, and while McKean died unexpectedly of an aneurysm

in November 1994, Stoerger, at this point ADA’s VP Sales & Marketing, stepped into the breach. Simultaneously, Stoerger, as a CEDIA Board member, chaired both the Manufacturers Council and the Regional Education Programs, and he continues to be actively involved in the organization to this day. In 2006 CEDIA honored him with the Manufacturer Volunteer of the Year Award.

For the past two years ADA has also captured another honor: First place Overall in the *Advanced Control Systems, Lighting, Media Management & Automation* group of the **inside track Supplier Loyalty Test** survey. In the most recent survey, they achieved the Overall top spot in their group via first places on all 5 of our dealer profitability, as well as 4 of the 6 dealer support measures. In the product area, they finished first for *Product Performance* and *Product Reliability*.

### A US-BASED MANUFACTURER OF TOP NOTCH CI-ELECTRONICS THAT DEALERS CAN DIFFERENTIATE ON

During the month of July I called ADA dealers across the country to ask about hands-on experiences with the brand.



CEO Albert Langella (seated) and COO Richard Stoerger

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YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Product Performance						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.34	4.26 A+
2	2	Kaleidescape	(46)	(40)	4.19	4.21

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Product Reliability						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.20	4.28 A+
2	2	Lutron	(50)	(41)	4.08	4.15
3	3	Savant	(24)			4.06

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Appropriate Assortment						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	Lutron	(50)	(41)	4.14	4.19 A+
2	2	Crestron	(47)	(60)	4.00	4.12
4	3	Univ. Remote	(56)	(55)	3.88	4.02
7	4	RTI	(37)	(24)	3.67	3.85 A-
2	5	ADA	(23)	(18)	4.00	3.84
5	6	Control-4	(42)	(49)	3.76	3.81

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Product Innovation						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	Savant	(24)			4.40 A+
2	2	Sonos	(44)			4.17
3	3	Lutron	(50)	(41)	4.02	4.13
2	4	Crestron	(47)	(60)	4.05	4.04
7	5	Univ. Remote	(56)	(55)	3.83	3.98 A
1	6	Control-4	(42)	(49)	4.12	3.95
4	7	ADA	(23)	(18)	3.86	3.78 A-
10	8	↑ Request	(21)	(15)	3.34	3.65

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Brand Name Recognition						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	Lutron	(50)	(41)	4.09	4.18 A+
2	2	Crestron	(47)	(60)	3.74	3.89 A-
5	3	↑ Univ. Remote	(56)	(55)	3.27	3.50 B+
3	4	Kaleidescape	(46)	(40)	3.38	3.45
6	5	Control-4	(42)	(49)	3.24	3.35
4	6	AMX	(29)	(23)	3.28	3.30
6	6	Sonos	(44)			3.30
8	8	↑ RTI	(37)	(24)	2.88	3.09 B
9	9	Savant	(24)			3.04
9	10	Request	(21)	(15)	2.72	2.83 B-
7	11	↓ ADA	(23)	(18)	3.14	2.78

The responses, as far as the company's strengths, were highly consistent. "When we position the brand, the two most important selling points are sound performance and reliability," said a Massachusetts dealer. "It's a bullet-proof design, and they have a diversity of custom solutions." Along those same lines I heard, "their products are rock solid, and they sound very good." Elaborating further, this dealer added, "I installed one of their systems 15 years ago. It was totally theirs. I serviced it twice - minimally.

It still operates flawlessly. ADA's failure rate is very low compared to other companies." For dealer after dealer, what popped into their heads first relative to ADA was "excellent sound quality" and "reliability," along with "they always solve my problems ..." "There's always a solution."

The feedback on product innovation was also in line with the survey results: very good, but not always the most innovative company. "They are innovative," elaborated one dealer. "But that comes in waves. They are not bleeding edge. But I don't want them to be." Another dealer, however, expressed shock that the survey had not shown ADA to be one of the very top innovators, "because I really think they are. They are a smaller company. They don't have the advertising muscle that other companies have to be able to really push innovation, but the innovation is definitely always there." "They are innovative in some ways," noted yet another dealer. "They are not quite as up on some of the newer technologies like HDMI, for example. There, they have fallen a little bit behind. But for distributed audio they are very good. At what they do, they are the best!"

Dealers also gave a thumbs up because "ADA products are upgradable. They are install-friendly. They play very well with all the other control systems, and the support is great." Another dealer echoed the last point. Said he, "Tech Support is excellent. They do know their products well. I usually talk to Tom McCarthy," the dealer added. "He knows the product inside out. You feel like he was actually the one who put it together. Tom is my go-to guy, but on the rare occasions where I've talked to others in the company, they know their stuff, too. It's a big comfort factor."

Dealers buy home theater preamps and multi channel amplifiers as well as distributed audio products from ADA, but less often the control systems. As one dealer explained, "we sometimes use their controls. But typically we use Crestron. The most important reason: esthetics. Also, we have a basic lay-out. We don't want to reinvent the wheel every time. But we like the ADA Suite 16 and their distributed amplifiers." "Control systems are not their No. 1 focus," another dealer suggested, "but their preamps and processors have the best sound for the money, they are reliable and have excellent performance."

Although ADA has a reputation for building high end/high priced products, several dealers felt that they, nevertheless, provided good value for the money in their categories. "They do fit more into upper-mid to high end systems, not so much middle of the road solutions," commented one of the dealers, "and I would love some products from them for more modest installations." There were zero complaints about distribution or

profitability. As one dealer noted, "ADA products are profitable because of the margins and because of the fact that the installs are quick and easy. They are usually done ahead of 'book time.'" ADA manufactures in the US - in White Plains, NY, to be exact, and dealers see this as a positive. Said one, "it's really, really important to us to see that we are keeping the economy rolling, instead of sending all these manufacturing dollars overseas." "For me, the person installing it," added another dealer, "made in the USA means something. I prefer it over a piece made in China." "... it's important, but it's not a decision maker." "It's a plus for me, and I do let my customers know. I am not sure they would be willing to spend more for it, though." Similarly, the fact that ADA offers a 30 year warranty "doesn't hurt." "It's fantastic, but it is not the reason we sell their products. I don't use it as a sales argument. But it is a comfort to me."

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When I finished the interviews by asking dealers just how important ADA is in their own businesses, the responses covered a bit of a range. "We like ADA, but the brand is not indispensable. There are not enough people willing to pay for better sound." "If they went away tomorrow, we would survive. However, they go into our biggest systems, and those are, by definition, important clients." "In my business, they are important to critical. We put them in nearly every installation. Our last project was a Savant system, but it also includes 8 ADA amplifiers." "I don't know where we would go without it, because I don't think we could get the same level of performance or the flexibility that we have when we use their products." And lastly, "we like to sell ADA because it lets us differentiate ourselves from others. And we need to be different and sell the better things."

A long term ADA representative I contacted elaborated a bit further on how critical it is for dealers to differentiate from their competition. "I tell my dealers, if you do an all-in-one job [using the products of one of the big control companies] and there are lots of dealers who also carry [one of those brands], then all you do is make yourself a sitting duck for someone to say, 'ok, I can do that for 10% less money.'" Dealers tend to differentiate on speaker brands and maybe on video, the rep continued, "but I tell them, if you add ADA, now the amps and the processing differentiate you as well. It comes down to where you really are an integrator instead of a box mover."

## A FACTORY VISIT AND A CONVERSATION ABOUT "INNOVATING OUT OF THE RECESSION"

ADA has been in its building at 602 Mamaroneck Avenue in White Plains, NY for 27 years, and by now they are beginning to burst at the seams. Given the company's outstanding reputation for product performance and reliability, one might expect a super-organized manufacturing operation, but that is not what I saw. Instead, I saw something I had never seen before - and over the years I've probably visited some two dozen manufacturers. What I saw at ADA was Albert Langella, founder, president and CEO, sitting at a bench, personally tweaking a circuit board! Not one of the dealers I mentioned this to acted the least bit surprised. "Most companies in this industry are not led by hands-on engineers," one dealer commented. "ADA is. All of the innovation comes from Albert." "I think they are a good team," added another dealer. "Richard is all about the business side. Albert is the engineer."

ADA, it turns out, does a lot of the work in house - not only software development and most of the boards, but the metal work, the chassis work and the silk screening as well. While a Time Saver sanding machine was buzzing away in a corner, Jerry Langella, VP Manufacturing, animatedly discussed the ins and outs of quality anodizing and the benefits of having essentially all of the company's parts suppliers in the tri-state (NY, NJ, CT) area. "We like to source our transformers and our heat sinks etc. not only from suppliers in the US, but from suppliers in our own backyard," he said.

This is not a place of Frederick Taylor-ish efficiency or Henry Ford-type production lines. That's not how things are done here. In fact, "people here build a complete unit," said Stoerger. "It gives them a sense of accomplishment." It's obviously also the reason why dealers have found that everyone here knows their stuff. Furthermore, the work force, some 30 individuals, has been with ADA for between 10 and 20 years, on average. And ADA does have impeccable processes and QC procedures in place. "We first test each board against a master board," said Stoerger. "Then we put the board into the unit and check the connectivity. Then we do a 40 hour burn-in, and then we do a final test. Now we know," he concluded, "that the circuit board has been tested, the connections have been tested, and the complete unit has been tested after the burn-in. We can now essentially guarantee that any problem a dealer encounters during an installation is in the wiring, not in the unit."

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Distribution Policies that Support Specialists						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.18	4.18 A+
2	2	Savant		(24)		3.78 A-
2	3	AMX	(29)	(23)	3.61	3.57 B+

  

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Obtainable Profit Margins						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.15	4.25 A+
2	2	Savant		(24)		4.03
3	3	RTI	(37)	(24)	3.85	3.83 A-

  

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Specialist Oriented Business Programs						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.15	3.74 A-
2	2	Savant		(24)		3.69
6	3	Lutron	(50)	(41)	3.30	3.40 B+

  

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Ease of Installation/Use						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.03	3.87 A-
5	2	RTI	(37)	(24)	3.62	3.85
3	3	Sonos		(44)		3.75

  

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Product Changes/Price Protection						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.16	4.08 A+
2	2	Savant		(24)		3.53 B+
9	3	Request	(21)	(15)	2.79	3.44

  

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Technical Support						
Ranking	Company		No of Dlrs		Grade	
'10	'11		'10	'11	'10	'11
1	1	ADA	(23)	(18)	4.22	4.24 A+
2	2	Kaleidescape	(46)	(40)	4.09	4.08
4	3	Lutron	(50)	(41)	3.82	3.98 A
3	4	Crestron	(47)	(60)	3.95	3.79 A-
5	5	Sonos		(44)		3.61 B+
9	5	Request	(21)	(15)	3.50	3.61
8	7	Univ. Remote	(56)	(55)	3.55	3.60
6	8	RTI	(37)	(24)	3.71	3.48
7	9	Control4	(42)	(49)	3.65	3.27
10	10	Savant		(24)		3.10 B
4	11	AMX	(29)	(23)	3.76	3.08

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YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Resolution of Service, Return, Repair Issues						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.29	4.19 A+
3	2	Lutron	(50)	(41)	3.77	3.88 A-

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Just-in-Time Delivery						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.12	3.86 A-
2	2	Univ. Remote	(56)	(55)	3.90	3.84
3	3	Kaleidescape	(46)	(40)	3.78	3.82

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Ease of Doing Business						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.25	4.17 A+
7	2	Lutron	(50)	(41)	3.56	3.71 A-

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Quality of Sales Representatives						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	Savant	(24)		4.00	A
1	2	ADA	(23)	(18)	4.13	3.96
3	3	Lutron	(50)	(41)	3.56	3.73 A-

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
Dealer Training						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	Lutron	(50)	(41)	3.93	4.11 A+
2	2	Savant	(24)		3.99	A
3	3	Crestron	(47)	(60)	3.85	3.79 A-
5	4	Kaleidescape	(46)	(40)	3.77	3.75
6	5	Univ. Remote	(56)	(55)	3.64	3.66
8	6	AMX	(29)	(23)	3.29	3.59 B+
3	7	Control-4	(42)	(49)	3.85	3.57
7	8	RTI	(37)	(24)	3.59	3.52
2	9	ADA	(23)	(18)	3.87	3.50
9	10	Request	(21)	(15)	2.75	3.18 B
11	11	Sonos	(44)		2.76	B-

Depending on the product, Stoerger said, ADA manufactures between 25 and 100 units a day. ADA builds over 100 different SKUs, including HDMI 1.4 compliant Home Cinema preamps with 8 HDMI inputs and dual mirror outputs that range in price from \$5,800 to \$7,800 and multi-channel Home Cinema amplifiers at \$3,500 to \$5,000 (the "heavy duty" amps are \$10,000 and up) Multi-room separates, including switcher preamps and amps start at \$3,500. When the recession hit, ADA introduced what

Stoerger likes to call "austerity products," two multi-room receivers, the 4 source/4 zone Suite 4000 with dual tuners at \$3,500 and the 8 source/8 zone Suite 8000 receiver with dual tuners at \$5,000. Stoerger feels that ADA, which here partners with companies like Bitwise, is able to "make an entry level ADA multi-room receiver with touch screen control that is extremely moderately priced." Of course, that's still more than your typical entry level receiver but, Stoerger stressed, "an ADA system is permanently installed and will last the life of the home."

While Stoerger mentions product performance and -reliability as absolute hallmarks of the ADA brand, installation friendliness follows closely behind. "And that takes two forms," he said, "the first is obviously to help insure that accurate drivers are available for the major control systems, and here we have a robust bi-directional control code set that is easy to program. The second, and perhaps most unique part of our value proposition when it comes to integration, is in the form of providing our dealers with PC software set-up tools that let anyone in the company set up the acoustics in the multi room or home cinema system. This makes it easier and cheaper for programmers to create the touch screen layouts because, with respect to ADA, all they need to do is select input, control volume, mute and off. The c.i. firm's main programmer does not need to be involved. Anyone can set that up."

While ADA's export business to Latin America, Europe, Russia, Asia and the Middle East has grown for 3 consecutive years, here at home, "a company like ADA must innovate out of the recession," Stoerger said, adding that the company was already on the next wave of innovation with the release of the Cinema Rhapsody Mach IV and Suite 7.1 HD home theater preamps, the PTM 7150 power amps, Suite 32 multi room system with profiler, and the TEQ Series of electronic room correction components featuring Trinnov technology. ADA had introduced the 4, 8 and 12 channel versions of the TEQ Trinnov priced at \$10,000, \$13,000 and \$16,000 last year - at about the worst time, economically speaking. I had asked all the dealers about TEQ Trinnov, and while several said they had experienced it at CEDIA, CES or ISE, none, so far, is carrying these units. Several said that at this level of sophistication they'd rather bring in a professional acoustician. Stoerger responded that "the TEQ is a powerful instrument for both measuring and calibrating room acoustics. While I can get incredible results on my own (and I am no acoustician, in the hands of a pro the results are amazing."

For this reason, ADA encourages dealers to consider using Curt Hoyt of Trinnov as a consultant to the project either remotely or on-site." And Stoerger had one more message for his dealers. "I tell them to make a list of every high end home cinema they have ever installed that involves a separate preamp and amp. Put a check mark next to the client's name if they are still alive. Then a second check mark if they still have money. Anyone with two check marks is a perfect Trinnov prospect. Imagine going into your best customer's home theater with a box and eight wires and in just a day or two, without drilling a single hole or making any mess whatsoever, totally enhance that customer's home cinema experience. Just leave the bill on the kitchen counter with a note that says, 'if you are not satisfied with the improvement, I can pull it out.' Just make certain you show the customers where the bypass switch is, so they can pinch themselves." ADA may be reached at [www.ada.net](http://www.ada.net) or at (914) 946-9595.

YEAR 2011 SUPPLIER LOYALTY TEST						
CUSTOM INSTALLATION						
Adv. Control Systems, Lighting, Media Mgt, Automation						
OVERALL RESULTS						
Ranking	Company	No of Dlrs		Grade		
'10	'11	'10	'11	'10	'11	
1	1	ADA	(23)	(18)	4.06	3.93 A-
2	2	Lutron	(50)	(41)	3.72	3.82
3	3	Savant	(24)			3.74
6	4	Univ. Remote	(56)	(55)	3.56	3.62 B+
3	5	Kaleidescape	(46)	(40)	3.68	3.61
4	6	Crestron	(47)	(60)	3.67	3.59
7	7	RTI	(37)	(24)	3.54	3.44
9	8	Request	(21)	(15)	3.19	3.42
9	9	Sonos	(44)			3.33
5	10	Control-4	(42)	(49)	3.62	3.27
7	11	AMX	(29)	(23)	3.54	3.21 B