SECURITY SALES & INTEGRATION

Opinions

Interlogix Insider Tells How Things Went Awry

The recently announced demise of one of the security industry's largest manufacturers isn't so shocking when you review the warning signs.

September 24, 2019 Kirk MacDowell

During the Cold War, the U.S. intelligence community uncovered an interesting way to detect enemy troop movements in the former Soviet Union. They watched the water flow. By observing the amount and flow of water, our intelligence services could uncover the approximate number of combatants and direction of troop movement. Simple but effective.

Could a security dealer or integrator have predicted the demise of Interlogix? Could they have used the method described above and have exchanged the water reference with other predictive signs to detect what was going to happen? The answer is yes, but more on that later.

Interlogix could have been a significant contender in the intrusion space, but UTC senior leaders failed to listen to their customers as well as leadership at the street level who simply understood the needs of the customers. These wonderful people and former coworkers will be out a job at the end of the year.

I predict, however, that the executive team that decided to scuttle Interlogix will be rewarded with promotions to other business units within the UTC universe, receive year-end bonuses and the company will see significant tax savings by shutting down prior to the end of the year. That is their right. Shareholders will be the final long-term judge.

So what happened? In my view and that of many others, it was a failure of senior/executive leadership, who believed they knew better than you and me.

Many names from the past were instrumental in doing the right thing on the intrusion side of the business; [SSI Industry Hall of Famer] Ken Boyda, Bob Haskins, Greg Burge, Duane Paulson, Jim Paulson and Dave Lyons, to name a few who "got it." They were in tune with the needs of the customers, which made them great leaders and unparalleled customer advocates.

However, over the years some left voluntary as they too watched the water flow; others were pushed out to one degree or another only to be replaced by senior leaders who came from other large divisions within their respective corporate sphere. These executive leaders spent more time managing up rather than trying to manage the business they were brought in to lead. Shame on them.

Other manufacturers that were competitive to UTC also started to go down the same route but had an epiphany and are in the process of getting back on course. Kudos to them and their leadership teams, many of whom have come from our ranks. They have been there and done that.

In my consulting practice, I have had the recent opportunity to evaluate the majority of manufacturers in our space including a recent fact-finding trip to Asia to see who's relevant or not. I spent lots of time watching the water and have come to the following thoughts about what separates a great partner company from the rest. Here are some warning signs:

1. The company starts referring to the leader as the CEO, president or some other title. This takes the human side away from running the business. Years ago, I attended a leadership course at GE's Crotonville, N.Y., campus. One thing that stuck out in my mind was that I had a number of executives come up to me and introduce themselves by their title of their respective GE business. They introduced themselves as CEO, COO, CFO. It was at that time I began watching the water flow in earnest.

2. Product launches are nonexistent, take too long or do not meet customers' expectations. When a product launches, the company should be two years ahead of the competition and have skunkworks projects in place to stay ahead of the game with product enhancements.

3. The company ignores the marketplace (you), becomes arrogant and proceeds to tell you what is important. Great companies listen to their customers, their employees and the market conditions blending all into a voice of reason roadmap.

4. Lastly, the company minimizes domain expertise, especially in senior leadership roles and focuses on the security business as a steppingstone for "bigger and better" roles in other corporate divisions.

Changes such as centralized decision making without adequate feedback from customers, micromanaging leadership by "executive band" leaders, roadmap stagnation and arrogance ultimately led to the demise of Interlogix.

Hopefully other manufacturers will learn from this lesson and watch the water flow of the dealers. There are some stellar manufacturers that will fill the void and my hat is off to them. I am just sorry that arrogance was the single most significant contributing to the demise of Interlogix and senior leadership is directly to hold accountable.

However, to be more blunt, some will be revered for jettison of the business with internal and external press releases indicating the decision was made so that the company can return to "their core business" while many Interlogix employees will need to seek employment elsewhere and many loyal dealers scramble to find alternative products.