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Management

CEDIA
WINNER

EDGing Out the Competition

CEDIA Dealer of the Year, Electronics Design Group, Relies on the Vision of Veteran Leader

by karen mitchell

Just 15 years ago, Bob Gullo went to the first CEDIA conference on Amelia Island, Florida, and came home with an epiphany.

Gullo, 39, is founder and president of Electronics Design Group Inc. (EDG) of Piscataway, New Jersey, winner of numerous CEDIA awards including this year's Dealer of the Year. In 1989, he made a pivotal decision to leave a job with NEC and to start his own custom business. Gullo had been taking on small-scale installations as a side job, recruiting friends to help and getting product through

retail contacts. Then came the offer he couldn't refuse: Joe

Stark of Star-Lo Electric Corp., in Whippany, New Jersey, asked him to consider a \$150,000 A/V residential con-

tract for a house under construction. Gullo considered this an enormous project at the time, and one that commanded his undivided attention.

"I started as Audio Video Consultants, and as I was doodling in the plane coming back from CEDIA I wrote 'AV, telephone, lighting' and all these other related applications," Gullo said. "Then I wrote the name EDG. That was it."

Prior to the large-scale installation, for a state-of-the-art ADA System 56 multi-room music distribution system, Gullo set up shop, buying a fax machine and hiring employees. Having left NEC on good terms, he was allowed to become a dealer for NEC TV and audio, and he also offered Niles and Sonance products.

"I was smart enough to realize that I was in way over my head," Gullo admit-

ted. "I had met a friend, David Suit, who worked for ADA, and I asked him to assist me on the tech end of this project."

Gullo also hired Ed Condiracci, EDG VP and general manager, and his best friend since age seven. "I'm EDG's accelerator and Ed is the brake. I drive sales and marketing and he runs the production arm of the



company,” Gullo explained.

Other EDG hires have been close to the vest as well. Operations manager, Tony Skarzynski, is from Gullo’s hometown, and top EDG salesperson, Joe McNeill, is a former college roommate as is systems consultant Scott Jordan.

“I surround myself with brilliant people, and I allow them to do their jobs,” Gullo said. “The goal is to let them focus on what each person does best from the top down. We have a lot of specialists with unique skills.”

EDG employs a team structure, with four teams—soon to be five—consisting of a sales consultant, project manager and project technician.

“The goal is consistency and unity,” Gullo pointed out. “They work together as a team every day so each salesperson has the same project manager running their jobs, and, in turn, each project manager has the

same lead tech installing the jobs.”

Bonuses are paid to the team (except the salesperson) for efficiency on labor, hours and keeping receivables under 45 days.

Gullo admitted that it took him some time to let go of his own early office responsibilities such as bookkeeping and purchase ordering. “When I hired people to do these, I discovered that it’s nice to wake up focused on what I do best, which is being a visionary and driving the company.”

His formula for EDG’s success is based on such a focusing act, he said, coming together, full circle, under EDG VP of engineering David Randolph. “It all has a lot to do with trust, with our philosophy of allowing people to have a good entrepreneurial spirit,” Gullo said. “And we believe in quality, not in cutting corners.”

EDG’s internal processes require more man-hours than other companies, but the end result, Gullo said, is superior service. “Our

clients are willing to pay more knowing we’re a company that truly understands our business, and we do.”

EDG consistently is one of Lutron Electronics’ top accounts because Gullo understands the industry so well, and because the EDG staff knows how to delight customers, said Jeff Zemanek, Lutron’s director of residential systems provider accounts. “Bob runs an extraordinary business,” Zemanek said. “People like him, and he knows where each of his employees fit within his company. Others in the industry often come to Bob with ideas and to use him as sounding board.”

Zemanek said that EDG sales people are adroit in relating to clients willing—and wishing—to spend millions in residential systems for their homes. “It’s imperative to have salespeople who realize the opportunities afforded by these customers, he explained, “and to

EDG VP/GM, Ed Condiracci and founder/president, Bob Gullo, hold their Dealer of the Year hardware while the rest of their Piscataway, New Jersey, team backs them up.





have sales people who don't sell with their own pocketbooks."

Passionate about technology, Gullo said that he is even more fervent about running EDG. "How we service, implement and execute has a direct correlation to our clients' satisfaction, the morale of our employees and the bottom line profit," he said.

EDG's accounting practices, he noted, are administered by a three-person department including a dedicated accounts payable specialist and a staff account controller. A weekly "flash report" from the controller provides details on general fiscal conditions and 2003/2004 comparisons.

"We are fanatical about buying smart and job costs," Gullo said. "We run the business by the numbers. Ed and I hold quarterly meetings with the controller to review expenses and we have a twice-yearly review with an outside accounting firm."

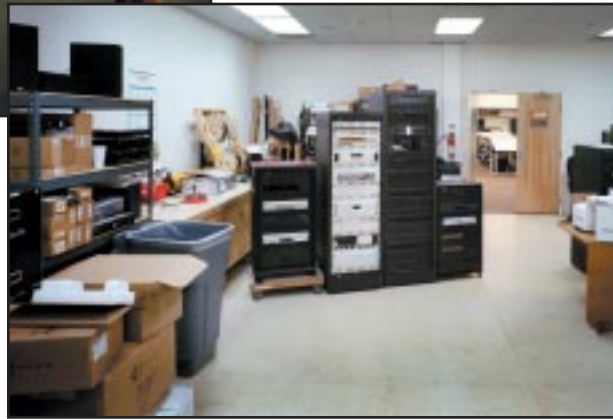
EDG also pays bills early, taking every available discount offered and negotiating when possible for discounts with vendors who do not offer them.

"This is real money to the bottom line," Gullo said. "Project managers and technicians are paid a bonus on a variety of factors all generated through costing and analysis."

The greater goal, he says, is to raise the industry bar. "We don't see enough quality in the market. When you cut corners and you win projects based on lower bids, it stifles you. It ultimately affects your ability to grow. You can't hire the best people if you're not

making money."

Gullo's drive for excellence—he was the first in his family to go to college—has propelled EDG to push the envelope, Condiracci said. "That helps create award-winning projects. We also make an effort to take care of



EDG is headquartered in an 11,000-square-foot facility in an industrial park. Notably, it features a state-of-the-art boardroom but no showroom.

every customer regardless of their perception of a situation or the problem itself."

That intense focus on customer satisfaction is the barometer of the company's success, Condiracci says. "We never bail no matter how much money we lost or how bad a particular situation might be," he explained. "I'm not saying we don't have some unhappy customers, but we're always there to the end and we always make it right."

Gullo learned some of how to make it right from his grandfather in Miami, who had a machine shop. "He talked to me about working hard, and told me to go to college and to learn to do something for myself," Gullo said. "That always stuck with me."

By the time he graduated from Keane University with a degree in marketing, Gullo had worked for a variety of retail hi-fi shops and a commercial A/V sales and installation business that wanted to leverage their commercial expertise into the residential market.

"They stuck me in their retail store," Gullo said. "I was 22, and I proposed to them to let

me go knock on doors. We had no brochures; I was armed with business cards, cold-calling on local construction companies, architects and designers in Essex County."

Gullo's first score was for a \$10,000 project, a video projector with a drop-down screen in a house addition. But sensing—correctly—that the company wasn't going to survive, Gullo landed a job with NEC as a regional sales trainer.

"I got to stay in the industry," he said. "But I was still intrigued by the notion of custom. I continued to establish local contacts and when my big break came, in early 1989, I came close to staying on the manufacturing side."

Going into custom was a tough road, Gullo says, but the biggest issue was not other companies but how to grow EDG. "I did the trade

shows and the home improvement expose," he said. "I was going to CES but getting product was difficult; nobody wanted to sell us anything. But we did a dozen shows at first and the momentum got started."

EDG, with a staff of nearly 50, is headquartered in an 11,000-square foot facility in an industrial park. Notably, it features a state-of-the-art boardroom but no showroom.

"I've never been showroom kind of guy," Gullo said. "Many dealers use a showroom to sell but I believe in the direct sales approach, and I built my sales force around my same philosophy to network and built relationships, without a showroom. I've never believed in one of these 10 vignette systems. We take photos of our best projects and update them, we have online portfolios and our boardroom is used to demonstrate technology to clients, although majority of our business is done on the road."

EDG's first CEDIA Electronic Lifestyles Award came in 1996 for an indoor pool area with an 11-foot video screen. It was the first time they entered the contest.

"It was nice surprise," Gullo said, "and



Electronics Design Group Inc. of Piscataway, New Jersey, boasts a staff of nearly 50 people.

William J. Psolka, psolka-photo.com

since then we've won nine more Lifestyle awards. We tied once before for Dealer of the Year. The entry requirements are monumental."

A major breakthrough project for the company came in 1997, in the form of a million-dollar residential project in a new home.

"It was a fully integrated project with every imaginable piece of technology," Gullo said. "According to AMX, it was one of the largest residential projects they had ever seen and they helped in the initial design because of the enormity. It was challenging on many levels, from tech to production build and project management."

It was, he says, a make or break project. "My thoughts were pretty simple. I bet on the fact we would launch from that. It wasn't about marketing, it was our internal test to see if we could pull it off. If so, we could go forward and do anything. It was an experience that allowed us to mature as a business and it worked."

EDG, with products including Crestron, Lutron, B&W, Sonance, SpeakerCraft, Genelec, Krell, Rotel, Stewart and Runco, has projected 2004 sales of \$10 million.

"We are currently working on several large residential projects," Gullo said.

"It's more fun to take on a million-dollar project after you've done a few. My favorite kind is a really cool movie theater with a great looking room."

There was a time, he says, when he knew every other company in the area, but now Gullo is only familiar with about half in the CEDIA membership book.

"I don't believe in looking over my shoulder to see what the other guy is doing," he said. "We march forward, and it's always about being the best. And this is a fun place to be."

Karen Mitchell is a freelance writer in Boulder, Colorado.

Facts about EDG

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Electronic Lifestyle Awards™:

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2003 - Best Home Theater Level V
2003 - Best Hidden Installation
2003 - Best Media Room
2002 - Best Home Theater
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2001 - Best Hidden Installation
1997 - Best Home Theater
1996 - Best Home Theater