

## SKU-ed Service

*INSTALLS inc manages nationwide installation services for retailers, manufacturers and service providers.*

By Janet Pinkerton

Not every consumer technology purchase warrants a custom installation. Sometimes a customer simply wants someone to hang a plasma screen on the wall or properly connect a new computer to broadband. And, not every retailer, even large ones, can run an internal installation department; sometimes, they need to go to third parties. And sometimes, they come to the dealer.

INSTALLS inc manages a nationwide installer network capable of setting up computers for Dell customers, home theater equipment for customers of Best Buy, Costco or Sears, and even installing window blinds for customers of Home Depot.

Other INSTALLS inc clients include Wal-Mart (and Wal-Mart.com), CDW and Crutchfield, plus direct-selling manufacturers such as Panasonic, Philips, RCA and Sony, and service providers DIRECTV, Sirius and XM Satellite Radio. Sports leagues such as the National Football League and National Hockey League also use INSTALLS inc for their V.I.P. installations.

Headquartered in Buffalo, N.Y., INSTALLS inc is majority owned by Genstar Capital, a private equity company that purchased control of the company in August 2002. Thomas C. Hunt and Lee H. Hess founded the company in 1995, originally as Digivision Satellite Services, to support the nascent direct-to-home satellite industry.

Roommates at Harvard Business School (Class of 1971), Hunt came to the venture with a background in cable company operations, while Hess was a former senior vice president of Wendy's International, directing national franchising, real estate and corporate finance.

Hess, now an INSTALLS inc director, says the company's focus for developing its system and strategies always has been: "How do we take care of national retailers? Our competitive niche and is creating such systems. We have by far the best on-line management system to talk to technician, to talk to the retailer and talk to the ultimate customer if the retailers wants us to."

"We have incredibly effective and efficient quality assurance programs. If you're running a national program, you have to do that. And we never competed with our customers. We weren't in the storefront business. We weren't retailers. We leveraged that skill set being able to run a variety of national services."

INSTALLS inc executes service at a fixed price. The range of services offered "is usually small and very specific," says Hess. "For example, computers include new unit set-up, data migration, and simple networking."

In general, Hess says, INSTALLS inc's retailers clients charge and collect for services, "so they have absolute flexibility on pricing. Moreover, our systems allow for national promotions such as guaranteed installation for the Super Bowl. It enables retailers to do national programs that would be difficult if they did not have us a partner." INSTALLS inc pays the installer directly.

There have been some bumps along the way—tied mainly to the economic health of some of its clients. Sun TV, Service Merchandise, Montgomery Ward, The Good Guys, StarBand and Voom were all past clients of INSTALLS inc. Hess says, "One thing we did do—and it helped secure the network—(is that) every time somebody went bankrupt, even though we didn't get a paid for a substantial amount of work, all of our contractors did get paid. From Day One, we've been known as the fastest pay in the industry. That's the glue in the networks—being such a good pay and taking the risk out for the installer."

The company started out fielding installers for satellite installation, but its clients prodded it into new directions. Best Buy asked it to go into home theater in the late 1990s; Dell asked it to do computer installation coast to coast in early 2005. Now INSTALLS inc is working with Home Depot "on a variety of different product lines that have nothing to do with electronics," says Hess.

"Our core expertise is helping national retailers offer installation services where it's a definable SKU," Hess says. "So window blinds are fine. We're not in garage door openers, but it would be a natural."

Last year, INSTALLS inc also began doing technician management for retailers—"because our systems are really superior," says Hess.

So who exactly are INSTALLS inc's technicians?

In the beginning, Digivision Satellite Services installers tended to be small dealers, often RCA affiliates. Today at INSTALLS inc, Hess says, "there are very few (installers) that have the legacy of being satellite or home theater sales organizations. They're professional installers."

"The average contractor partner rolls four trucks," he says. "We prefer the operation be sufficiently small so that the owner is personally involved."

"About 25 percent of our installations are done by employee-managed installers, and about 75 percent are done by contractor groups," says Hess. Having its own installers allows INSTALLS inc "to have onsite, quality assurance people spaced around the country" and gives the company its own employees to call on retail stores.

However, he adds, "I cannot tell you that our employee-managed installations are any better than our contractors."

Within a hamburger chain, Hess says, "the best hamburger restaurants were your franchise ones, not your company ones. There's nothing like owner-operators on premises for providing great service. That thought has guided us from the very beginning: that local ownership provides the best service, in our opinion, whether it's hamburgers or installations."