

## Nortek Re-configures Home Brands Group

Written by Bob Snyder  
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Confederations of companies rarely outlast the onslaught of the group's corporate accountants (especially when the new top management comes from a supply chain company like Flextronics).

The confederation known as Nortek will centralize all its nine residential brands under one new group with three business divisions to reduce product and R&D budgets and "deliver programs with higher impact."

"We've joined the expertise and efficiency of the industry's most important technology brands and formed a new resource for our dealers that represents a unique opportunity for them to grow both ROI and competitive standing," says Sean Burke, group president of Nortek's technology products segment. "By synergizing the benefits of our brands under one centralized group, additional resources can be better allocated to product development and marketing." Not to mention the money that might drop to the bottom line.

Accountants and managers see cost-savings and efficiency where marketing folks want lovable differences and crave unique distinctions. The danger here, in an industry of audiophiles and videophiles, is how to maintain brands when you centralize product and R&D.

Or do you run that risk by calculating that if you should ultimately end up destroying a few brands, what's so bad about that sacrifice if you create at least a profitable bigger company that has sustainability?

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The headquarters of the unnamed group will shift to Petaluma in California where Panamax/Furman is based. Bill Pollock, president of Panamax/Furman, has been named president of the new group. The new reporting structure will eliminate the three brand president positions and you can hear the corporate accountants applauding: that probably saved \$600,000 just there...not counting the fact that if you don't have presidents then you don't need their secretaries, their travel budgets, their perks...

The old AVC group was created in 2010 by forming a division of Nortek-owned brands: Niles Audio, Elan Home Systems, Xantech, Aton and Sunfire brands under one roof. Now SpeakerCraft/ Proficient (merged operationally after Jeremy Brukrhardt "retired" last week) and Panamax/Furman brands will join and that group is looking for a new name.

Within the newly consolidated group "X", Nortek will create three business segments:

- power and accessories (certain products from Panamax, Furman and Xantech)
- control and electronics (Elan, certain products from Panamax and Panamax's Blue Bolt brand)
- audio (SpeakerCraft, Proficient, Sunfire and Niles)

"...because the market has turned down, all brands need to focus on the things they're really good at," says Elan's Paul Starkey, the new head of marketing for yet-to-be-named group.

Oh, yes...AVC Group president Mark Terry will (as did Burkhardt) leave the company.

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