



Five Minutes with Randy Stearns

How did you get started in this industry?

Back in 1986, I read an article in the San Jose Mercury News about homes of the future and all of the cool Jetson-like electronics that would affect the way we live at home. I was intrigued. It became an avocation prior to and during business school. After business school, because the real estate industry in California was depressed, I investigated career options in the home automation industry (as it was called at the time), and went to work with one of CEDIA's founding members. Shortly thereafter, I ventured off on my own.

What do you think was the greatest advance, event or trend in our industry in the last five years?

In my mind, the most significant events of the past five years has been the recognition and infiltration of large consumer electronics companies and big box retailers into our space, which for the first time validates our distribution channel as an industry. Specifically, Best Buy moving "into" the home with the Geek Squad and Magnolia validates our channel. Similarly, the likes of Microsoft and HP contemplating the digital home also serves to validate the residential systems industry.

What trends will affect custom integrators in the next two years?

The trends that will affect custom integrators in the upcoming years on the negative side include: (1) the commoditization of flat panel displays, (2) continued market penetration by competing channels such as electricians, alarm contractors, and big box retailers (i.e. Magnolia), (3) downward pressure on product margins, and (4) a general reduction of spending on luxury items caused by a slowdown in the economy.

Trends that will affect the industry on the positive side include: (1) increased awareness and spending on personal and residential electronics, (2) continued unrest and lack of standards (i.e. HDMI, Blu-ray vs. HD DVD, etc.) preventing a movement towards plug-and-play connectivity, and (3) the continued advancement and proliferation of advanced gaming systems.

What are three things that custom integration companies need to do to prepare for the next two years?

To ensure continued growth and profitability in the next two years and beyond, I recommend that electronic system contractors (1) clearly define their value proposition to clients and builders over electricians and do-it-yourselfers, (2) move towards a services-based business model to hedge against declining product margins, and (3) increase sales and marketing while controlling costs to make sure you survive the downturn in the market which will unquestionably drive players with less commitment and resources out of business.

What drives you to be a member of CEDIA and how has it benefited you and/or your company?

Owners of CEDIA member companies are my primary sounding board for business ideas.

Out of all of the CEDIA member benefits, which two have affected your business the most?

Education