

Door Security Safety

DHI'S PUBLICATION FOR DOOR SECURITY + SAFETY PROFESSIONALS

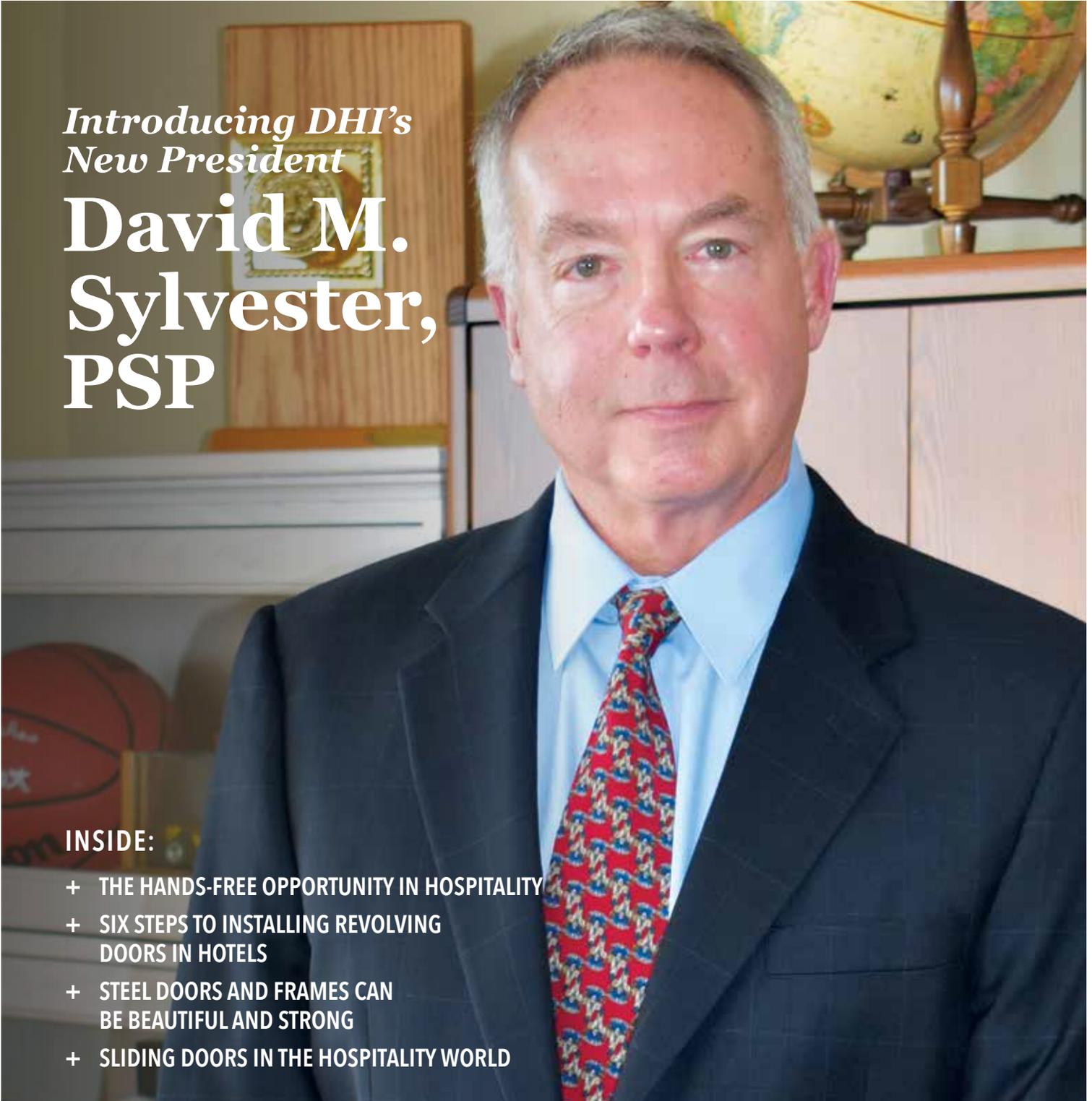
JULY 2020

*Introducing DHI's
New President*

**David M.
Sylvester,
PSP**

INSIDE:

- + THE HANDS-FREE OPPORTUNITY IN HOSPITALITY
- + SIX STEPS TO INSTALLING REVOLVING DOORS IN HOTELS
- + STEEL DOORS AND FRAMES CAN BE BEAUTIFUL AND STRONG
- + SLIDING DOORS IN THE HOSPITALITY WORLD





Building a Path Forward: DHI and the Industry Navigate New Waters

Incoming DHI President David Sylvester brings a rich portfolio of business accomplishments to lead the association during one of its most challenging years amid the COVID-19 crisis.

BY DAVID M. SYLVESTER, PSP

After enjoying one of the longest periods of economic expansions in history, we are now entering a new business cycle. When I wrote this article, we were beginning to reopen the economy but dealing with uncertainty in every aspect of the business environment.

I don't think life will ever be quite the same for us in the future, but where there is change there is opportunity. And fortunately for all of us, the need for safe and secure environments may be even be more important in the future.

In this period of change, I am excited to assume the presidency of DHI and look forward to working with its members, the Board of Governors and staff to help the organization play a critical role in our industry.

Jerry Heppes: A Leader and a Friend

While I am excited to take over this term as DHI President, I am going to miss Jerry's engagement in the organization. He has led DHI for 33 years, which is an incredible achievement for any leadership role and demonstrates his personal commitment to DHI. Jerry provided leadership and many contributions to the industry, including managing the rotation of Presidents and working with the Board of Governors, committees, staff, and industry associations, and much more. I thank Jerry for his commitment and service and wish he, Mara and his family many happy years in whatever challenge he takes on from here. I will miss his him as a leader and a friend.

DHI has undergone significant transformation during the past few years under the leadership of prior presidents Bob Maas, Mike Gibson, Mark Berger and the outgoing president, Bill Trimble. Like many industry organizations, DHI needed to change its cost structure in response to reduced income from trade shows, conferences, manufacturer consolidation and general changes in the way businesses train people. Fortunately, DHI leadership recognized this even before the impact of COVID-19 on the economy.

DHI's transformation included selling the conNextions annual convention to allow DHI to increase its focus on its core mission of education and certification, retooling training programs and delivery methodologies, revamping the membership structure, creating new more practical certification levels, and finally outsourcing DHI and Door Security & Safety Foundation operations to an association management company, SmithBucklin.

We will also face the challenge of DHI CEO Jerry Heppes retiring after 33 years of service. The DHI Board of Governors has called on Sharon Newport to step up as the interim DHI CEO. The Board will support the leadership, the organizational transition, and help navigate through the COVID-19's impact on the association. Those initial actions are being taken now, and we have an eye to the future realizing that we are a late-cycle industry and are more likely to be negatively impacted in 2021 than in 2020.

INDUSTRY BACKGROUND

I have worked in the door and hardware business for the past 23 years and consider our industry mission to be creating safe, secure, and sustainable environments by providing physical security solutions. I love the people in this business and take a lot of satisfaction in knowing that we really do play a major role in creating those safe and secure environments.

After graduating from Purdue University, my wife Michelle and I worked at Cummins Engine Company in Columbus, Indiana. Michelle stopped working after the birth of our daughter Paige, but I continued in various manufacturing and general management roles.

JUMPING INTO THE DOOR AND HARDWARE BUSINESS IN EUROPE

After living our entire lives in Indiana, I had an opportunity to lead a European division of Cummins, based in France, so we took 3-year-old Paige and 11-month-old Clay and moved to France, where we lived and worked for four years.



Dave often shares his expertise at industry education sessions such as this one held at DHI conNextions 2019.

Near the end of that assignment, I started an International MBA program with Purdue and a French business school, ESC Rouen. A fellow student there was Brent Elliot. Brent was the controller for Ingersoll Rand's Architectural Hardware Group (AHG), which is now Allegion, and told me that they were going to buy a European-based business that was losing money and did not have anyone to lead the business. That led to an interview with AHG President Brian Jellison. Ingersoll Rand then in 1997 bought Newman Tonks, which owned a portfolio of 30 companies in Europe and a strong group of companies in the United States that included Falcon, Monarch and Dor-O-Matic.

The European portfolio included standalone companies that made locks, door closers, trim, exits, automatic doors, steel doors, wood

doors, antique castle locks, bathroom hardware, German nylon hardware, Danish style hardware, and service companies including a locksmith, security integrator, door service company and the country's largest contract hardware distributor. Brian described the opportunity as, "Go figure out what we bought and fix it." So, in 1997 we were off to a new challenge and new industry based in Birmingham, England.

In England this business is called architectural ironmongery. So long before joining DHI, I was a member of the Guild of Architectural Ironmongers. My U.S.-based colleagues, Scott Duncan, Brian McNeil, Larry O'Toole said all we needed to do in Europe was to write no-sub specifications, and profitability would follow. Taking that action plan back to the United Kingdom,

I found that the manufacturers did not write specifications, no one wrote no-sub specifications, and discovered significant differences between the U.S. and U.K markets. In the United Kingdom:

- + Commercial building codes were not as stringent nor enforced.
- + Manufacturers did not write specifications nor promote quality and performance of their products.
- + Commercial codes and products were more similar to residential products in the United States.
- + Many of the larger distributors imported and private-labeled core products.
- + Distributors controlled which product brands were supplied on a project.

Wearing a mask is a sign of the times this year.



To turn the business around we sold eight companies across five countries, consolidated the remaining businesses into 10 divisions, and consolidated the sales and customer service organizations of the larger businesses to create one face to the marketplace.

We did turn a profit in the second year of restructuring, but nothing compared to the performance of the U.S. businesses. Even today, the U.K. and European businesses for some major manufacturers do not come close to the performance of the North American businesses.

In 2000 we came back to Indianapolis, and I became the Vice President of Commercial Sales for IR AHG Americas. This business was rocking – growing top and bottom lines, hiring people, developing new products, but struggling with sales coordination. At that time the sales structure consisted of a direct employee Schlage sales team, 20 independent representative agencies writing specifications and selling LCN, Von Duprin and Best, and 20 independent representative agencies writing specifications and selling Falcon, Monarch & Dor-O-Matic. We spent a year trying to get the 20 LCN and Von Duprin agencies to stop writing Best and start writing Schlage and to get the independent agencies to play well together. Our customers were telling us they wanted efficiencies and one face representing all the products.

RESTRUCTURING THE SALES MODEL

In February 2001 we restructured the sales organization and created the SSC structure, which were teams of factory sales professionals with responsibility for all door and hardware brands.

We worked closely with DHI because we recognized the need to maintain high standards for all products across the industry and the importance of training, Architectural Hardware Consultant (AHC) credentials, and the need to create demand for the products with architects and end users.



Dave's classic powerboat conversion in his Indianapolis home.

Later I became the President of the Americas for a rebranded IR Security Technologies division and assumed the additional responsibility for the residential side of the business and selling to The Home Depot, Lowes and Menards, as well as responsibility for the four security integrators we had acquired.

During this time, many of the new products were electromechanical and we saw the future of access control. We recognized that our access control products were getting out in front of our sales teams' ability to sell the products and our channel's ability to sell and service the products. We created the Schlage Service Center initiative and stepped up training efforts. Many of the most progressive distributors in the market today got on board early with that program.

We continued to work closely with DHI to develop new training programs and certifications focused on access control products and applications, and to drive awareness of the changes expected in the market driven by the growth of access control.

Later I teamed up again with Brian Jellison, who had become the CEO

of Roper Technologies. Brian was reshaping Roper from a portfolio of older industrial companies to high-margin asset-light companies with software as their core products. As a group president I was responsible for six companies whose products included rugged mobile computers for industrial and military applications, scientific cameras, and a security related company, Inovonics, that made wireless sensor products. I got the M&A bug, as we acquired many companies across a wide variety of technologies, including CBORD for example.

My Roper businesses' clientele was primarily Fortune 500 purchasing organizations. A complete contrast to selling through the door and hardware and security integration channel, and quite frankly not nearly as enjoyable.

Thanasis Molokotos, CEO of the Americas for ASSA ABLOY, offered me an opportunity to come back to the industry as President of the Door Security Solutions division with the objective of increasing the coordination of the traditional mechanical product side of the business with the growing electronic access control product lines. In this role we focused on a



Dave with his 3-year-old granddaughter Tia in Indianapolis.

couple key initiatives – integrating the electronic access control products with the leading access control software companies and developing relationships with the security integration channel.

During this time, we developed an extensive set of training programs under ASSA University and worked with DHI to expand their focus on the access control side of program development.

In developing relationships with the security integration channel, I became interested in the consolidation occurring under companies such as ADT, Convergent and Securadyne and recognized that many of the dynamics driving consolidation in that channel are present in the door and hardware distribution channel.

Those dynamics are demographics, which are primarily business owners reaching retirement age. The

attractiveness of our industry, based on profitability and stability, has attracted private equity investors looking for opportunities in the physical security. And while manufacturers have been consolidating for the past 20 years, I believe the restructuring of the door hardware channel is probably in year 3 of a 10+-year process.

Six years ago, I launched 3SE LLC as a licensed brokerage business focused only on business sellers in the physical security industry. Fortunately, I have been able to work with sellers and buyers of physical security distribution and service businesses and have created some new friendships and successful business transitions for the owners. And a few years ago, I teamed up with Davis Mergers & Acquisitions to expand our reach into M&A with the security integrators.

On the personal side, my wife Michelle has been a trooper through our industry and life adventures,

and my kids Paige and Clay have really grown up in the industry. Paige now works in the medical software business and with husband Gavin have a three-year-old daughter, Tia.

Our son Clay works for dormakaba as an end user sales professional based in Atlanta. He seems to be pulled in like the rest of us. Michelle and I divide our time between Sarasota, Florida, and home base in Indianapolis. And now with Tia in the picture, we spend much more time in Indy.

DHI'S MISSION AND CHALLENGES

Throughout my career in this industry, I have been an advocate and supporter of DHI. I have experienced the challenge of operating in a market without clear product leadership, lax building codes and product performance standards. And I believe that DHI's mission is to advance education, standards and credibility for our industry.

DHI has been restructuring and will continue to evolve to meet the needs of its members. We are learning how to leverage SmithBucklin's vast resources and expand our services and impact on membership and the industry. We will also learn to how to operate without Jerry Heppes' leadership.

During my presidency, I want us to focus on four objectives:

- 1. Training/Certification:** DHI will continue to invest in developing its education and certification programs. The strategic direction incorporates adding educational resources and expanding the offerings at the DHI Technical Schools. DHI is in the final stage of the certification development and in 2020 will set in place plans to promote the certifications to important stakeholders on behalf of our members. In our new pandemic-created world, we will need to be creative in delivering training programs and become less dependent on classroom training as our main delivery methodology.

2. Codes/Standards: It is important to our industry that codes and standards continue to be enforced and advanced for the safety and security of society. In many states, codes are being ignored through the legislation process in an effort for legislators to take short term actions attempting to address school safety. Through a new advocacy program, DHI will champion the correct application of security & safety products in all built environments, especially in our schools.

3. Management Transition: DHI transitioned management to SmithBucklin to have access to more resources and programs for members while decreasing operational expenses. It is important that we leverage all available resources within this new management structure. One

great example is when COVID-19 arrived, we were well-positioned to navigate the disruption for our members, in part, because of our new advocacy program. DHI was able to immediately advocate for the industry to become an “essential business,” providing business owners with options and critical resources during the pandemic. Both DHI and DSSF are also able to draw upon the many resources from other associations managed by SmithBucklin.

4. Channel Leadership: The future of our channel is strengthened as more companies commit to access control, services like the FDAI program, and a balance of new construction and aftermarket revenues. DHI will try to lead the discussion and dialogue to help our members increase the overall viability of their businesses.

We are all learning how to operate in a new business climate. Hopefully by the time this article appears we will see a path to restoring the strong economy that was derailed by COVID-19, and we are all building our businesses again. One thing that will not change is the need for safe and secure environments. We are lucky to all have a passion for our industry.

I hope to meet as many of you as possible during the next year. I am always open to hearing your ideas on how DHI could improve our support to our members, so never hesitate to reach out to me directly. +

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