

ASG ACQUISITION OF ENTRUST INCLUDES BUILDER PROGRAM

By Martha Entwistle, managing editor

BELTSVILLE, Md.—ASG's latest acquisition, of the Dallas-based residential security company Entrust Connections, brings with it \$46,000 in recurring monthly revenue and 1,800 accounts, but ASG's senior officials are most excited about the company's extensive builder program.

"Right now, Entrust has an active working relationship with 25 Dallas-Fort Worth homebuilders," said Bob Ryan, vice president of sales and marketing for ASG.

Together, these builders are "capable of delivering 2,500 to 4,000 accounts annually in the Dallas-Fort Worth area,"

Ryan explained.

Since many of these builders have operations throughout Texas, Joe Nuccio, ASG president, said there's an opportunity to export Entrust's successful business model to ASG's other branches in the Lone Star State. Right now, ASG has more than 55,000 customers split between the mid-Atlantic region and Texas. Its Texas branches include Dallas, San Antonio, McAllen, Austin, Houston, Corpus Christi and Laredo.

The Entrust acquisition was completed

Jan. 17. The business is in the process of being folded into ASG's Dallas office, which is located about 15 minutes away. The 10 Entrust employees will stay with

the company, including Chad Dawald, who has been named business development manager for ASG's

Builder Division.

"With his help, we can turn that number from 25 builders into 35 builders," Nuccio said.

Scott Mahoney, former owner of En-

trust, said that he was approached by a "number of others who were interested in buying" his company.

Mahoney liked the fact that ASG would retain all their employees and continue the builder program, he said.

Mahoney and his father, Robert Mahoney, started Entrust five years ago, and initially followed a "traditional mass marketing" approach.

They started the builder program three years ago.

ASG's acquisition-spree, 22 in about 22 months, will not abate any time soon, said Nuccio. "We are actively working on transactions during the first quarter," he said. *SSN*



Castle Rock Security opens doors in late February

By L. Samuel Pfeifle, editor

MONTICELLO, Minn.—Bill Kuhn, a veteran of ADT Security, has branched out on his own to open Castle Rock Security. It will be an alarm company focusing on residential security, with "some commercial, specifically small business," said Kuhn, who'll serve as company president.

Castle Rock had a targeted opening day of Feb. 25 and is still negotiating with two companies regarding an authorized dealer relationship.

The company will start out small, said Kuhn, who will run the company with his brother as a silent partner and

their two wives providing back-office support. They'll begin with one installer and look to reach 10 employees by this summer. The company will service the Twin Cities area, along with "first and second tier suburbs." Kuhn said they'll begin with "mostly alarm stuff initially," but plans down the road to become a one-stop shop for home automation, HVAC systems, and other installation work.

"Our heart in this is on the customer end," said Kuhn. "My feeling is that the residential security industry has turned south in the last few years, and we'd like to try to reverse that." *SSN*

Shooting high with low rates

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This approach has netted the Steins 6,000 customers in middle Tennessee, 70 percent of which are conversions. NCA's customers are 80 percent residential and the alarm systems are fairly straightforward.

"We don't do complicated systems ... We want to reach mass America," the elder Stein said. To find customers, his approach is "rifle-oriented, meaning we target a small segment of the market, like a rifle shot. We don't do it broad-based like a shotgun."

Jimmy Stein said most of his sales come in over the telephone in response to radio advertisements.

Other companies have similar models, but most try to switch customers over the telephone, Stein said. This can lead to problems such as excessive false alarms. NCA technicians check out each alarm system, and make necessary upgrades or replacements, before taking on the account.

"If you convert accounts over the telephone, you leave your back door wide open to problems," he said.

Industry consultant Rich Anderson, of Phare Consulting in Boca Raton, Fla., likened the Steins' approach to the marketplace to the Wal-Marts and Targets of the world. "I think what he found is a way to under-price the rest," while providing what the public considers good customer service. "That's exactly how the Wal-Marts and Targets went into the market against the department stores," he said. "Sounds like it's working to me." *SSN*

NCA USA goes to Miss. and Ala.

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Stein, chief executive officer of National Certified Alarms, has been in the alarm business since 1974, and founded NCA in 1997.

In June 2005, he started NCA USA with investment banker Drew Trapnell of Market Street Advisors. The new corporation is designed to "take the NCA concept to the rest of the U.S.," Stein said.

NCA USA is headquartered in Nashville, in the same building as NCA.

They opened a three-person office in Memphis in June.

Trapnell plans to have a fully operational three-person office in Jackson, Miss., this month and a three-person office in Birmingham, Ala., next month.

"Those are the only three we have on the drawing board now, but at some point, we've got to look at Atlanta, the Florida market and Charlotte, North Carolina," Stein said.

Trapnell is currently serving as president of NCA USA, and is spending about

half of his time working at the company, getting new offices set up and hiring managers and installers for the office.

Market Street Advisors "raises capital and advises on mergers and acquisitions and then comes along and does hands-on management."

This is his first venture into the security industry. "Jimmy's model makes sense to us," he said. "We do our marketing on the radio and our value proposition is simple," he said, af-

fordable monitoring rates (\$9.95 per month), with a full-service alarm company behind it.

NCA USA currently has seven employees, three in Memphis and three, besides Trapnell, in Nashville.

Trapnell's goal for account acquisition in the Memphis office is "ideally 30-50 per month."

He reports that they're "somewhere south of that goal" right now, but "we're keeping three guys running really hard in Memphis every day." *SSN*



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