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## **“Which vendor company do you particularly admire - and why?” I had asked dealer ...**

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... subscribers a few weeks ago. “Call me, and I’ll tell you,” a long term subscriber from New Jersey responded. When I caught up with him in March, he said, “Hurricane Sandy really messed us up. We were closed for a week, during which we did not do any business whatsoever. A lot of our jobs were postponed because our clients didn’t have power or had significant damages to their houses. Some cancelled projects altogether, because they now had other things to take care of first. So the impact on my business was quite negative.”

### **A FUNDAMENTAL PREMISE OF A PARTNERSHIP: WHEN ONE PARTNER IS IN TROUBLE, THE OTHER WILL OFFER HELP**

There were only about a half a dozen vendors the dealer felt comfortable asking for an extension of his terms without penalty. “The one vendor I didn’t have to call, because they called me first and asked, ‘what can we do to help,’ was **Tributaries**,” the dealer said. “I find that the way [company founder and president] **Joe Perfito** and the people who work for him at Tributaries approach the vendor/dealer relationship is a cut above virtually all the other vendors I have done business with over the last 35+ years. Their way of doing business is all based on the relationships with the dealers and the rest is really secondary. It is not an approach you typically see anymore. That’s why I treasure it when I have it. And that is the main reason why Tributaries will always have a place in my showroom!”

### **... THE MANY OTHER WAYS IN WHICH DEALERS EXPERIENCE TRIBUTARIES PARTNERSHIP BEHAVIOR**

Many of the other Tributaries dealers I talked with -- quite a few of whom have been doing business with the company since its founding more than 20 years ago -- commented on the uniquely strong partnership aspect first. Said a California dealer, “of course, it still matters to us to have companies that put

*relationships first! That’s really the most important thing for us, being an old-school dealer, in business for 30 years. That’s the way things used to be. It was all based on relationships. And Tributaries is definitely one of those companies that still has that feel - it is family-owned and family-operated.”*

A dealer from Pennsylvania, who also came on board with Tributaries very early on, had this to say: “I liked the fact that this man [Joe Perfito] had the gumption to start a company [after having spent decades first in retail and then as the National Sales Manager of McIntosh], create products that were quite innovative, and then hit the pavement and sell them! I’m like that, as are a lot of other guys. We are all small business owners, and we talk to our customers. I like that Joe - and these days, more and more often, his son, Joey - come out once or twice a year and explain their products enthusiastically.” So there is a special affinity between owner operated dealers and an owner-operated vendor? “Yes, of course,” the dealer agreed, adding, “Joe always does things right. There is never a question. He is very honorable.” Even more importantly, though, he has been successful in imbuing the corporate culture at Tributaries with the spirit of vendor/dealer partnership. “Everybody who works there is like that. Joe has filled his company with people who have emulated those characteristics.”

Several dealers also commented on the fact that Joe and Joey Perfito visit personally, at least once a year, “and it’s a long way from where the factory is,” [which is located in Orlando, FL] said a Nebraska dealer. One of two California dealers I spoke with, concurred. “We get a visit from Joey every year, and it is not usual that you see somebody at that level coming out and talking with you about your business plan.” What’s more, “Joey understands the technology. It’s not as if a sales guy comes out, and if you ask him a technical question, he’ll go, ‘I’ll get back to you on that.’ Joey knows the product line. He knows how it was built and why it was built.”

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**THE BASIS FOR A FLOURISHING BUSINESS PARTNERSHIP:  
WELL PERFORMING, RELIABLE, INNOVATIVE PRODUCTS**

When dealers talk about Tributaries products, they typically mention two things: That, as you move up from entry level to top of the line, the products are clearly and demonstrably differentiated. *“When you go from Model A to Model B to Model C, there are clear differentiating points that you can explain and demonstrate to the customer to justify the increase in price,”* said the Pennsylvania dealer. *“When you cut through a Tributaries cable, you can show people the differences in the shielding, in the construction, in the fitting, in the brass, etc. There are clear, demonstrable differences.”* The other thing that came up repeatedly was innovativeness. *“They are not necessarily inventing new things,”* one of the dealers said, *“but they are definitely enhancing. For example, everybody has to solder their cables, Tributaries just does it better, and that reduces failures.”* From that comment the dealer segued into raving about the Tributaries factory. *“Have you ever seen that,”* he asked me [I have. Several times - as far back as when the building was just going up more than 2 decades ago and as recently as last year]. *“That factory is meticulous! It is very well organized [I agree!]. For dealers that translates into the quality of the products - you can sell their cables with confidence.”*

When I asked for more examples of innovativeness, one of the California dealers mentioned the fact that *“you can rotate the power module on their power strips. Other vendors tell you why they can’t do it. Tributaries actually did it. They said, ‘we’ll figure out a way to make this work,’ which is unique to them, and as a dealer I find it very useful.”*

Several dealers also mentioned that Tributaries had just come out with new, longer length (12-25 meters) IHEC (inwall HDMI with Ethernet channel) cables, which have the electronics in a detachable piece. *“This means, if the electronics go bad, you put a new detachable piece on the cable. You don’t have to rip out all the cabling. This is much more installer-friendly.”* Added a Florida dealer, *“they knew the longer cables were going in the wall and those cables had some electronics issues, so Tributaries changed the whole line - everything over 5 meters is now IHEC. I think this [having the detachable piece with the electronics on it] is a good move, because it shows they are focused on how we work.”*

While the dealers I spoke with try to support Tributaries as much as they can, most also do business with other cable vendors, often at the low end, particularly with bulk wire, where it’s often Snap AV (though some dealers also get their entry level HDMI cables here) or a distributor brand or product sourced locally. To the Ohio dealer this is short-sighted. *“Yes, the Tributaries bulk wire is a bit more costly, but the version we buy from them is rated for outdoors and for burial - most other bulk wire is not. Of course, some dealers will say, ‘what the heck - we’ll be out*

*of business before it becomes an issue!”* It’s not, he made it clear, the way he runs his business.

**A NEW BRAND FOR THE RENEWED CUSTOMER INTEREST IN  
2-CHANNEL AUDIO**

Only 3 of the dealers I spoke with have brought in Tributaries’ new **Clarus** line of high end audio cable. If the dealer focuses more on custom installation, he does not often have the *“high end, extreme audio”* clientele this brand is aimed at. The dealers that did bring in the Clarus line had very positive things to say. One of those dealers said that he is doing AudioQuest too. *“They are a great company also,”* he noted, *“and in the high end in particular - which we quite often get into - AudioQuest has a good bit more cachet.”* That suggests, of course, that relative newcomer Clarus still has some brand building to do. The Ohio dealer, after evaluating the Clarus product, was sold on the brand right off the bat. He had followed the suggested procedure of first taking out the power cables, then the speaker wire, then the interconnects, and at each step replaced them with Clarus product - and each time listened to the difference. *“That was an epiphany,”* the dealer said. *“Right then and there, we placed orders to bring in the Clarus. We now have 2 rooms in our shop that are exclusively wired with that product, and we started selling it right away.”*

**ANOTHER IMPORTANT PART OF THE MIX: EXCELLENT  
SUPPORT AND PROFITABILITY FOR THE DEALER**

As much as dealers appreciate Tributaries relationship orientation, there is certainly also a place for the efficiency that comes with technology, and Tributaries does not lack in that area, either. *“They have a great website for ordering,”* commented the Southern California dealer. There is no doubt, added the Nebraska dealer, *“that personal interaction is an enjoyable experience. But you can answer emails when you want to. You can pay your bills on line. You don’t need to do everything by personal interaction.”* Tributaries has, clearly, invested in technology solutions to be able to offer such things as their new dealer dashboard website that helps make dealers’ lives easier - which a good vendor partner will always try to do. But there is one thing Tributaries does not do, and that has earned the company enthusiastic kudos from all the dealers I spoke with: *“They are not available on the Internet!”* For dealers, the line is a real profit contributor.

**TRIBUTARIES RESPONDS**

While everybody generally refers to “Tributaries,” the corporate name is actually **Gordon J. Gow Technologies**. It is the home theater line of cables that was named **Tributaries** as a tribute to Gordon J. Gow, president of McIntosh until his death in 1989, and Perfito’s brother-in-law. But Gordon J. Gow Technologies is more than a tribute to a man, it’s a tribute to the philosophy this man stood for: a strong, mutually beneficial vendor/dealer

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partnership. Everything the company does, is viewed through this prism: Will it enhance the partnership? For example, as dealers have noted, the Tributaries line of cables has clear and distinct differentiations going from the least to the most expensive cable. That was consciously designed because it is helpful to the dealer to be able to show that *“there are specific attributes and features that a customer would understand and know why a certain cable would have a better performance than another cable,”* noted Perfito. Whether it’s the actual ingredients - the type and gauge of the copper used, the shielding, whether it’s silver plated or not - or the cosmetic appearance - is it flexible, how are the connectors going to fit on the cable - *“there is a lot of love and care involved in putting this together,”* said Perfito. *“We want to make sure that ours looks right and feels right, performs properly, is priced right, and is also profitable for the dealer - that’s our mix. That’s our “milkshake”* (for those with good memories, that’s a reference back to *“The Innovator’s Solution”*). Perfito added - and this would have made Gordon Gow proud - *“as of mid 2012 all of our interconnect cables, except for HDMI and Optical, are labeled “Made in the USA from foreign and domestic components.”* That means, Perfito explained, *“we are hand-soldering all or cables here in Orlando. This gives us complete control over the quality of manufacturing.”*

Exec. VP **Mary Victor** commented on those new IHEC cables that have the electronics in a separate detachable piece. *“In the past,”* she said, *“we used to offer 3 different series of cables at longer lengths. However, we were always very concerned because a lot of dealers would go with the cheapest cable at the longest length, and that meant that it was a smaller gauge, it did not have as much shielding, and we decided, if we are going to offer HDMI cables, we want them to be solid. We want them to work every time.”*

The other aspect is that HDMI cables have become almost a commodity. *“There are a lot of HDMI cables on the Internet,”* Victor said. *“Our dealers have to deal with consumers coming into their store saying, ‘I saw an HDMI cable for \$5. Why should I buy yours?’ We try to give them the information they need to explain to a customer [what the drawbacks of inexpensive HDMI cables are]. For the longer lengths cables they decided on the external electronics, Victor said, because otherwise, “if something happens, if there is a surge, we have a problem. Now the dealer has to go in and rip the cable out. So we decided, HDMI is such a pain for everybody, if we are going to make a long cable, we want it to be a solid long cable, with the best construction that we can do, and built it with the electronics outside.”* And when dealers were taken aback by the high prices (suggested retail prices are \$600 for a 12 meter cable, \$750 for a 15 m, \$1,000 for a 20 m, and \$1,250 for a 25 meter cable, i.e. \$50/m), Tributaries immediately reduced its

own profit margin by 30% (though they left the MSRP intact to support dealer profitability).

While cables are central to Gordon J. Gow Technologies, the company has also entered the power conditioning business. *“The power conditioning products came out of our relationship with Jay Victor,”* [no relation to Exec. VP Mary Victor] said Perfito. Jay Victor used to be in charge of new product development at Monster Cable then, in 2002, he started his own company, **Orbital Development, LLC**, which is based in California, and consulted with many industry firms. His relationship with Gordon J. Gow Technologies dates back to 2006. *“Jay initially helped us with making some changes to our Series 7 and 9 cables, and because that went over so well, we started talking about what else he could do, and that’s how we got involved with him on power conditioners and also with Clarus,”* explained Mary Victor, adding, *“Jay has contacts in the Far East, manufacturers that he has worked with, that he feels are very top notch.”* As far as power conditioning, added Perfito, *“the most popular segment is IP addressable - the ability for a dealer to reboot somebody’s system remotely, over the Internet, using a power conditioner. That’s what most dealers are asking for. We have products right now that are already engineered. They have been through UL, and we are in the final stages of the cosmetic design before we actually put them in production.”* For a CEDIA 2013 launch, I asked. *“I don’t want to promise anything,”* Perfito replied, *“but we are working diligently”* toward that goal.

The Clarus line of high end audio cables was introduced to the market at the October 2011 Rocky Mountain Audiofest. So far, there are 28 dealers on board domestically, along with some international distribution. *“But that’s ok,”* said Perfito. *“We are building a new brand, and I feel strongly about properly developing the credibility of the line, and the dealers who partner with us have to have the right type of clientele and also carry complementary high end brands that they can match the cables to.”* And then Perfito mentioned dealers who obviously love the way Clarus cables perform, *“but they tell us they just can’t bring in a new line right now,”* he said. *“So we asked ourselves, what can we do to help those dealers bring in our line, when we know they want it.”*

So this month the company is rolling out the Clarus Dealer Assist Program, which will allow dealers to bring in a Clarus demo system on a 1-year billing cycle. *“We are partners with our dealers,”* Perfito stressed. *“That’s what I wanted to convey with this program. We are not just trying to push product down their throats. The program was designed to work for both parties.”* The company has separate websites for its two cable brands, [www.tributariescable.com](http://www.tributariescable.com) and [www.claruscable.com](http://www.claruscable.com). The phone number is **888-554-2514**.

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**IN MEMORIAM: Dirk Roos, who retired from McIntosh as Vice President Marketing in the early 1990 after 35 years with the company, passed away on March 28, 2013 following a brief illness. He was 89.**

McIntosh dealers remember him as a multi-faceted pioneer and a mentor who, in many ways, was way ahead of his time. These were the years, in the late 1960's, early 1970s, when audio was the coolest thing going and guys would start working part time in audio stores while still in High School or college. "Dirk did color studies, layout studies, traffic pattern studies," recalled Steve Brakke who, today, works with Bill Behrens at Behrens Audio/Video in Jacksonville, FL, but first met Roos when he was working at Cooper for Stereo during college. "Dirk Roos taught so many of us how to design our stores, not with walls of receivers and turntables, but with complete systems," he said. Joe Perfito, at the time a retailer in Massachusetts, remembers this well. "Against walls that were painted black, Dirk would put 4x8 sheets of plywood, put a frame around them, and cover them with yellow cloth. The panel was hinged, so you could change out the wiring on the back. He'd mount a turntable, a cassette deck and a receiver on shelves inside the framed panel and put two speakers on a riser below it." Dealers would display 4 or 5 such systems along a wall with signs that showed the system price and the products in the system. You could ask a customer his budget, show him a system in that price range and then lead him, in a logical manner, to a more expensive system.

The carpets in those showrooms, several dealers remembered, were red. "We called that color 'Roos-red!' "It was a fire engine red," Perfito explained, stressing that the color was chosen for a reason. "Dirk had studied that stuff. He said that standing on a red carpet made people's blood pressure and pulse rate go up and made them listen better." "This was the 1970! And in a sense, Dirk's design was the forerunner of lifestyle design merchandising that became popular decades later," remembered Ken Zelin, who is still a sales trainer at McIntosh today, but back then was another eager college student, soaking up everything to do with audio while working part time at audio stores. There was a hard-nosed business purpose behind Roos' store design, Zelin pointed out. "Dirk Roos' philosophy was this: If every part of the store wasn't merchandised and run right, the dealer wasn't going to make money and wasn't going to pay his bills to McIntosh and his other vendors. Dirk also wanted the stores to be top notch from A to Z, so customers would have confidence."

Another confidence builder that a number of dealers remembered was the test station equipped with a Wild, Heerbrugg (Switzerland) microscope at the front of the store. In those early years of audio retailing, there was a great deal of sharing of ideas. The microscope idea originated with Alan Pecar at Pecar Electronics in Detroit, a hobby geologist, who liked to look at rocks through his Wild microscope. Pecar

thought it might be interesting to check out phonograph needles under the microscope to actually see the wear of the needles. He told Dirk Roos about it, and Roos ran with the idea. A Wild microscope was purchased and was brought to dealers' stores when they held special clinics to which customers could bring their gear to be tested. "It did help us sell needles and cartridges," said Perfito - especially after Dirk Roos showed dealers how to fine-tune their presentations. "Right next to the microscope we would have a black board on which we'd draw with chalk what the customer would see when he looked at the phonograph needle through the microscope," Perfito recalled. "We'd wash off the stylus with alcohol, put it under the microscope and tell the customer, look, your needle is worn." Telling - even showing - the customer this did, however, not necessarily result in a sale. But when the dealer then followed Roos' recommendation, turned to the customer and said, "you sure have gotten a lot of enjoyment out of that needle!" - it totally changed the perspective," said Perfito. "It turned a negative into a positive, and for me, personally, my closing rate went from 60% to 100%."

What many dealers see as Roos' lasting contribution is that "he taught us how to be good retailers!" Tony Frontera, today is a professor at SUNY Binghamton's School of Management. He had joined McIntosh in 1982 to help get a photography studio up and running. He was also involved with designing ads, posters and dealer direct mail pieces (for years, an enormously popular dealer program, offered by McIntosh's internal JRB Advertising agency). Frontera noted that Dirk Roos taught dealers how to differentiate themselves. "He did that through a variety of means, from helping them with store design and merchandising to teaching them financial management and how to hire and train salespeople." "He helped me when I was at the Stereo Shop in Hartford," said Perfito. "I was fresh out of the Air Force. I had a degree in electrical engineering. I knew zero about business, and I was the store manager. Dirk sat down with me and taught me how to examine and analyze what was going on in that company, and within 6 months I had it turned around. He took the time to teach us." It's what Steve Brakke remembers, too: "Dirk followed that old adage that says, 'give a man a fish and you feed him for a day. Teach a man to fish, and you feed him for a lifetime.' Dirk would do whatever he could if you asked him how you could do something better," said Brakke, "from sending you a book to flying you to a class. He wanted all of us to do a better job. He'd also say, 'McIntosh does not put on dealers. McIntosh develops dealers.' That philosophy, held by [McIntosh president at the time] Gordon Gow and Dirk Roos, permeated the company. They knew that if they helped their dealers do a better job, the dealers' businesses would grow, and that, in turn, would benefit McIntosh."

Dirk Roos - Teacher Extra-ordinaire - RIP.

So much for today.  
Yours sincerely,  
Gisela Schoell, Editor