

# CEO SUMMIT

## Five Questions for the New President at Linear

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Michael O'Neal

In early 2011, Michael O'Neal took over as president of Linear, a company with 50 years of history in our industry. Now that he has more than a year under his belt, we asked Mike a few direct questions about Linear and the future of the GDO industry.

**In the last couple of decades, Linear has greatly expanded its product line from garage door controls to dozens of home automation, home security, and home technology products. Has that diminished Linear's focus on garage door products?**

**O'Neal:** We consider the garage door operator to be an integral component to the future of a platform of access within the home. Meeting the future homeowner's lifestyle and mobile world demands will involve many non-garage door product lines such as home automation and control devices, security, and gate operators.

We want to offer a range of products that tie together, and our product-line breadth is well aligned with that goal. We are looking at an integrated, cohesive platform that provides unparalleled access, control, and information about a homeowner's most valuable asset, from anywhere at any time.

**Linear has been successfully manufacturing its garage door products in China for a long time now. What would you say to a door dealer who is reluctant to buy and sell a garage door opener made in China?**

**O'Neal:** The biggest challenge all companies face when manufacturing in China is finding

a factory and partner that delivers reliable products on time. Since Linear owns its factory, we manage operations directly; processes such as product development, production, quality control, inventory management, and shipping are seamless.

This is clearly evidenced by our low product recall and failure rate, which is significantly below the industry average.

**What are some of the current pressures that are threatening the cost effectiveness of manufacturing in China?**

**O'Neal:** As global demand for electro-mechanical products grows, the number one pressure facing Linear and nearly every other manufacturer, whether their operations are in the U.S. or elsewhere, is the availability of raw materials. The problem is pervasive, and items like copper, steel, and plastics are at the top of the list of materials in demand worldwide.

**In the last 10 to 15 years, we've seen several foreign companies bring their garage door opener products to the U.S. How are you positioning Linear to be competitive in an increasingly competitive U.S. market?**

**O'Neal:** We're driving Linear to be the top provider of interconnected home access and security products—to tie together our GDOs with other home technologies. We're uniquely positioned to bring a multitude of these home products together, including the GDO.

For example, we could bring an integrated GDO, CO detector, and garage ventilation system from one of our Nortek-owned sister

companies to work in conjunction with one another to prevent excessive buildup of carbon monoxide in garages. We can wirelessly and automatically start the fan, open the garage door if necessary, and notify the homeowner of the condition at the same time.

**If you could give a heads-up warning to all garage door and gate opener dealers concerning the future of this business, what would you tell them?**

**O'Neal:** Dealers need to start thinking about interconnectivity and the devices that homeowners, business owners, and building managers use every day. These are no longer going to be discrete mechanical devices operating independently, but instead part of an integrated system.

Dealers will need to evolve and stay current with the technologies that will keep their businesses competitive and relevant in the changing face of technology. Get trained and up to speed with software applications, networking, and mobile-connectivity equipment and capabilities.

Dealers are going to have to learn how to work with and play with bigger players such as AT&T, Verizon, and other telcos; large national cable providers; and public utility companies. These players continue to bring more features and functions to homeowners and businesses, and they have the wherewithal to expand into these markets in a big way.

It should come as no surprise when home access, automation, and security become part of their revenue-stream ambitions. ■