

# VISTAGE

## Member *Stories*

---

Gene Earhart, Principal and President  
Wellington Security Systems  
Minneapolis

### *At a glance*

*Role:* Principal and President

*Industry:* Security systems

*Employees:* 1–25

*Vistage chair:* Brian Davis

### **Company background**

*Wellington Security Systems designs, installs and monitors fire and security alarm systems, surveillance, and access control systems for businesses and homes, primarily in the greater Minneapolis – St Paul Metro area. The family-owned company has been in business for more than 30 years and has about 15 employees.*

---

Gene Earhart, principal and president of Wellington Security Systems in Minneapolis, began to see better results for his firm shortly after he signed up with Vistage Minnesota, and chair [Brian Davis](#) three years ago.

Through his Vistage Peer Group of other CEOs and business owners Gene has a chance to look inside their businesses and learn from them. “It’s great to hear stories of other businesses; to be able to learn from their issues.” For Gene and his team of 15 employees that means not repeating costly mistakes, and learning how to deal with problems and challenges effectively.



“The peer group also challenges and clarifies my thinking,” said Gene. Sales had been down for a few months and he wondered to himself if he had the right sales people on board. “I presented my concerns to our peer group and they responded with probing questions,” Gene explained. What Gene discovered was they had drifted away from the company’s targeted customer segments, and were chasing big opportunities they had little chance of winning.

“As a result, I created a prospect qualification checklist, and within a month our sales pipeline was once again brimming with opportunities, and sales were back on plan,” recalled Gene.

### **Strategic advice**

Gene said his peer group has also been instrumental in helping him vet various growth strategies. At one point, “I hired a consultant to help flesh out one of the growth strategies, but I still hadn’t moved forward with his ideas, which were both plausible and profitable,” Gene shared. One of his members challenged him that there must be a major reason he had not yet pulled the trigger, and he had better figure that out before he did anything.

Upon reflection, Gene realized the proposed new offering was a totally new service targeting a new customer segment, which is a risky path to grow a business. Instead, he chose to pursue a different new service offering that he could provide to existing customers. This offering also has the benefit of creating multiple customer touch points, which increases customer loyalty, and adds to his RMR.

Advice on growing Gene's company also comes from his chair, Brian. "Brian's gift is he brings out the best in people. He's great at asking questions and finding your growth opportunities." Through one-on-one meetings Gene finds it's helpful to have Brian as a sounding board. "Because of Brian's clarifying questions and coaching he helped me deal with one of our employees who had violated one of our company's core values," he said.

Gene ultimately let the employee go, but without Brian's guidance, and support from another Vistage member, he confided he may have never taken steps to address the issue.

Gene: "A few years ago we were losing money and were on a dangerous downward spiral. Brian pushed us to cut our staff by 30 percent and to dramatically change the way we do business. Within two months we went from losing money to making money, and with his continued coaching, our business has been more profitable in the last two years than at any time in our 30 year history.

But more importantly, I'm a better person because of the time I spend with my chair. Not only does he care about my business, he genuinely cares about me personally, and about what matters to me. He asks me great questions, and I always come away from our one-to-one coaching sessions feeling both challenged and energized."

## David and Goliath

Family-owned Wellington Security Systems competes in a marketing space occupied by national behemoths like ADT and Protection-One on one side of the continuum, and smaller, regional firms similar to Wellington on the other side.

Wellington's customer mix is about 80 percent business; 20 percent residential. For a regional firm like Wellington it's tough to go head-to-head against billion-dollar companies like ADT, hence Wellington's strategy to chip away at ADT's weakness, which happens to be Wellington's strength: customer service.

Firms of Wellington's size have a hard time competing against big companies on price alone. Wellington's advantage is person-to-person service. Customers know the support staff by name—they're featured prominently on its website—and know their calls won't be picked up by a contract operator in a faraway call center. The company also differentiates itself by not locking customers into long-term contracts—an industry practice loathed by most customers.

Wellington's products and systems mix includes alarms, fire systems, video surveillance and keyless entry for businesses such as restaurants and bars, warehouses, manufacturers and other commercial buildings. Wellington has systems in some Target stores, Haskell's, Subway and several other well-known brands.

Vistage has given Gene the tools and confidence to continually grow the family business. He recalls a peer discussion around another member's business—Mike Martin. The group evaluated various options for expanding his business and concluded Mike's best alternative was to acquire a competitor in an adjacent geography. Although

growth through acquisition was uncomfortable for both Mike and Gene, their peer group encouraged them to forge ahead and guided them through the process.

The result: Within 12 months Mike doubled the size of his company and his net worth. Gene—inspired by Mike’s success—saw a similar opportunity to acquire a company last summer and followed suit. The move was initially outside of his comfort zone, but it went extremely well. More acquisitions are now a key part of Gene’s growth strategy.

### **Applying lessons from world-class experts**

Management and strategy tools introduced by Vistage speakers have also been quickly adopted by Gene, an enthusiastic consumer of the gems that materialize from monthly presentations by world-class experts. Gene cites ideas he employed from two speakers—Mike Paton and Howard Hyden—that led to immediate benefits.

Mike Paton speaks and consults on Traction—a structured Entrepreneurial Operating System (EOS) for running smaller and midsize businesses. With the urging of Brian, Gene adopted the Traction system for his company, and he’s thrilled with the results.

With Traction, said Gene, “Everybody is working on a common goal—on the same page and focused on a few specific things.” Gene shared the “Promise of Traction is accountability and focus.” He shares a scorecard and a strategy (V/TO Vision Traction Organizer in Traction vernacular) with employees so he has buy-in and common understanding from everyone. Traction provides Gene with a toolset of leading indicators to track results and better manage his company.

Additionally, Traction and other tools give Gene the structure and disciplined approach he needs to analyze the viability of new lines of business (LOB) to grow Wellington beyond its current products and services. A new service offering, for instance, would boost Wellington’s RMR (recurring monthly revenue). If his due diligence validates the LOB, then Gene and his business partner Bill Rosener will hire a sales representative to pursue that business.

Gene also adopted a host of ideas from customer focus guru and Vistage speaker Howard Hyden. Wellington’s customer surveys are modeled after Hyden’s recommendations to take the pulse of your customers through active customer feedback programs.

Any downside to the Vistage speakers? Sometimes, he admitted, “It’s like drinking from a fire hose. The speakers are so good you can’t implement everything.”

Gene: “Before joining Vistage, I had been in business for almost 30 years and still felt that the company was running me rather than that I was running the company. It had become a real grind, but since joining Vistage my company is thriving, and I am once again finding real joy in my work. Vistage really has changed my life, and there’s no doubt, I’ll stay in it.” **V**