

NEWSLINE

Best Buy Scraps Structured Wiring Business

Best Buy for New Homes, the retailer's unit that installed structured wiring and other home systems for residential communities, no longer exists.

In essence, Best Buy folded that business unit into the company's new ConnectedLife group, which recently

began offering a \$15,000 home automation and entertainment system for the retrofit market (see February 2007, p. 26).

In late February, Best Buy notified partners that it would be "ending our structured wiring business within the next 30 days." The notice said, "Constant price

cut demands from builders and the highly increasing commoditization of the products and labor involved have made it difficult for (anyone) to be profitable in the current market."

Integrators, however, might surmise that Best Buy in fact caused some of those precipitating factors.

Chris Thompson is president of Ramsey, Minn.-based Webco Security Inc., a former subcontractor for the Best Buy for New Homes program. She says Best Buy's low prices altered builders' expectations of installation services in general. "It has allowed builders to demand freebies," she says.

The challenge for structured wiring installers in the wake of Best Buy's departure, says Thompson, is "to really prove our value."

The home systems industry is littered with defunct integrators (E house in Jacksonville, Fla., is legendary) that sacrificed profit on the front end with the expectations of capitalizing on upgrades once homeowners moved in. Thompson says builders generally told her that Best Buy tended to underperform in the upgrade business.

On top of that, Thompson suggests, Best Buy may have suffered from its layers of subcontractors and indecision about installation tactics. Webco itself was contracted by yet another contractor, Roswell, Ga.-based A-1 Home Services, to perform Best Buy installations. At one point, Webco was installing structured wiring, audio, central vac and security for approximately 40 homes per week for large national and regional builders.

Eventually, she says, "Best Buy chose to perform the wiring function with its internal employees in what was perceived to be a cost-saving measure."

Now Webco is fighting to get the business back. Thompson says she asked for referrals from Best Buy for builders looking for new low-voltage contractors. "We will be happy to refer any such requests on to Webco," she was told. ■

—Julie Jacobson

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