

# The push and pull of marketing green thermostats

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A pull is better than a push when trying to sell goods globally, says Glenn Davis, co-chief executive officer of Log-One Ltd.

Distribution partners pull sales through their own pre-existing channels. That approach can be far more effective than direct sales, he says. The challenge is in getting in the door to win over the distribution partners.



Log-One makes “intelligent thermostats” that it says reduce energy costs by 24% to 33% in apartment buildings and by 30% to 40% in classrooms and offices through a patented technology that allows for control of room temperatures, ventilation and lighting based on “actual occupant behaviour.” There’s a big market for green devices in Europe where energy costs may be three to four times higher than in low-cost Canadian jurisdictions such as Ontario.

Hugues de Milleville, 56, an electronics engineer, founded the company and is co-chief executive officer with Glenn Davis, 47, who describes his forte as “business development acceleration,” and who joined the company in early 2011. The company has six full-time employees and is based in Loretto, Ont.

## What does a business development accelerator know that other people don’t?

**Davis:** I’ve literally walked through hundreds of companies, so I see where the gaps are in a business very quickly and what holes need to be plugged for the company to move in the market place very quickly.

### **Where were the gaps for Log-One?**

**Davis:** The company was selling directly to one or two clients per year. The company itself has grown and doubled and tripled its revenue over the past three years, which is fantastic. But as you're growing a business, you need to work with larger partners and you need channels to pull your sales as opposed to pushing into the market.

### **What type of channels?**

**Davis:** Large distribution partners that know your business and can actually pull your product into sales opportunities.

### **How did that work for Log-One?**

**Davis:** We identified who the big players in the market were from a distribution standpoint in North America. We identified Affiliated Distributors out of the United States. They have 3,000 locations and 530 members and they're a \$24 billion channel for electrical sales. So now we have 3,000 locations starting to sell Log-One products, which is becoming a pull rather than a push. We've also been in discussions with some of the larger channels out there. We've actually put in paperwork for them to become the seller of our product which is now going to take us global. We'll have about 8,000 locations, once this is done.

### **What is a push?**

**Davis:** It's pushing your product on somebody to purchase it. It's a long process. It's very hard. If you get yourself into a channel—they've agreed that they want to sell your product, they love your product—they're pulling on your channel. They're pulling your sales.

**de Milleville:** It's very standard in the industry. You have the manufacturer, known as an OEM, original equipment manufacturer. That manufacturer has distributors, and those distributors have dealers or installers. Those installers will buy from the distributors and sell to the end user. The end user typically in our market would be the plant manager in school boards, multi-residential property owners and property managers. We are the OEM, the manufacturer.

### **What is your strategy for penetrating Europe and Asia?**

**Davis:** We're penetrating those markets here in Canada through our Canadian contacts, where their global headquarters reside in Europe. So most of our meetings happen here. We don't have to travel

to do that, but it gives us a larger footprint over Europe. We've done paperwork to become a supplier to a larger European/Central-South American channel. Right now our focus is North America because you've got to win at home before you win abroad. Asia's not our big interest. There are at least 20 countries in Europe where the cost of electricity is three to four times higher than it is here in Ontario, which means our return on investment for those clients could literally be days and weeks, not months.

### **How difficult is it to win over the distributors?**

**Davis:** They get hundreds and thousands of companies calling them monthly to supply through their supply chain. You cannot get in without the due diligence being done by someone they know and trust, who will get you into their C-suite. We tried with one company for seven months until we realized that we needed to know somebody to get through that door.

### **How did you get in the door?**

**Davis:** We did some research on a company called Bright Negawatts. Negative watts, it's a great company name. That company's owned by Mark Rodger, who's the CEO of the business. He's a partner at BLG LLP. Borden Ladner Gervais, one of the largest law firms in the country. He created Bright Negawatts to help emerging companies go to market. He's a utility specialist for BLG and his client base is about 80% of the utility CEOs in the country. So he's a direct-line access to our market. We noticed some press releases on the Internet that he had actually established a relationship for one company with the channel partner we wanted to get to know. He walked us through that whole process. He said you just can't get through that door. You need to be validated. We worked on a deal with him. He validated us. He got us a meeting with the vice-president of the global company.

### **What did you need to do for him to validate you?**

**Davis:** He did his own due diligence and then he called up the European channel and said look, I'm putting my seal of approval on this company. He's had a relationship with this business for many years so they finally took a meeting with us. All the global directors for the company were in Canada for the first time in their history. There were 20 of them, but we met the guy that was really in charge. After our initial meeting, they brought us to another meeting seven days later in Toronto. They said we like what you guys have. You have an offering that supports our market, which are electricians and contractors. It's the perfect product and the perfect fit and you've been validated by someone that we know and trust. And that's how we get started.

**de Milleville:** Any company does not want to represent a product if they're not 100% sure that it works. The due diligence process is to make sure it delivers the energy savings that we say it does. We could prove that with third-party tests from Nova Scotia Power, Ontario Hydro, school boards and building owners. They want to make sure that the product is reliable and that the company stands behind its product.

*This interview has been edited and condensed.*