

## Where Have All the Lighting Companies Gone?

How will the upswing of mergers and acquisitions among lighting manufacturers change the industry landscape? What impact will it have on research and development of new products and technologies? And how will it impact the specification and distribution process? **Replies and proposed exchange question topics can be submitted to [edonoff@hanleywood.com](mailto:edonoff@hanleywood.com).**



**TOM KACZOWSKI | LIGHTING GROUP DIRECTOR | HOK**

The upswing of mergers and acquisitions among lighting manufacturers should benefit the “buy-out” of lighting products on large projects where there is a big conglomerated battle for every fixture type, provided there are equivalent product offerings. Smaller projects with tighter schedules and time frames may see a decrease in factories that can shut down the assembly line for the “special fixtures.” It simply may not be practical to support this type of business.

I like to think as lighting designers we support innovation, whether in design strategies or new lighting technologies. My hope is that more dollars will be available to the truly innovative companies and individuals to dig even deeper into new technologies and products. I also hope to see more specifier-related focus groups asking the design community: What do you need? What products are designers missing? Eventually we will see companies ride the crest of the LEED wave and offer hyper-high performance lighting systems to the design community. We scrape to reduce every watt of lighting power consumption with luminaire technology, which often is cobbled together from T12s, T8s, and T5s. High-performance auto divisions may someday serve as a business model for high-performance lighting divisions within the major lighting companies.

In terms of the specification and distribution process, lighting designers will still gravitate to the companies that not only provide the best products but also provide the best service after the specifications. It is frustrating the number of potential pitfalls encountered between the lighting designer's specification and the contractor's installation. I hope for a better tomorrow with a “path of least resistance” often serving as my motto for 90 percent of our specifications. The other 10 percent—the oddball fixture specifications—we hope someone will still want to build even after they have been gobbled up by the “big company.” It often is that 10 percent of light fixtures that sway and lock in the entire project order.

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**SONNY SONNENFELD | PRESIDENT | CREATIVE STUDIO DESIGN**

I believe that the upswing of mergers and acquisitions will continue. I also think it will have a negative effect on research and development (R&D) and new products and technologies. A very large percentage of new products in our industry came from small companies. Parabolic louvered fluorescent fixtures came from Columbia Lighting when it was independent. Gotham Lighting developed a wide series of downlights and architecturally correct fluorescent fixtures when it was independent. Century Lighting, now Strand (part of Genlyte, part of Philips), developed new stage and television luminaires and remote controlled, preset dimmer systems while independent. Vari-Lite developed the remote control industry while independent. And the list goes on.

When an independent company is acquired, its R&D process goes through more steps from an idea to a marketable product. More people are involved in the process and funds have to be allocated. How many

times have idea people been asked, “How many will you sell?” or told “It's not in the budget.” With large companies, numerous committees must approve a new product. With independent companies, there is a greater willingness to take a risk. In conglomerates, new products are expected to succeed, and often are not specially noted or rewarded. A failure is never forgotten and seldom forgiven.



**PAUL GREGORY | PRINCIPAL | FOCUS LIGHTING**

I think there will be little or no change. The purchase of RSA Lighting and io Lighting by Cooper Industries has not affected our working relationship or our ability to get custom equipment in the form of special samples or products. We are still able to communicate with ownership and the decision-makers inside each company. I do not think Philips' purchase of GenLyte and Color Kinetics will have any immediate adverse effects.

I can see that the “acquired” companies will have more funds for R&D as the cost will be spread out over more companies under the “parent” umbrella. In the future, it would be silly for the large manufacturers to pull back in the areas of R&D and new product development—especially with the current and constant changes in efficiency of LED sources.

I do not think the specification method will change very much. We specify the best fixture for the specific project we are designing. I cannot see that changing, regardless of who owns the company that makes the fixture.

Concerning distribution and pricing, we are a little unusual in that we create tight budget controls early on in the projects. We create “line item budgets” that allow all parties to see unit costs of all lighting fixtures and controls. This process makes the “packaging” of multiple products into one unbreakable price, less of an option for the distributor or agent.



**RANDY BURKETT | PRINCIPAL | RANDY BURKETT LIGHTING DESIGN**

From a designer's standpoint, mergers and acquisitions in the lighting field have a less than stellar track record. Many good independent manufacturers have been neutered as a result of friendly acquisitions, stripped of their previous innovative market perspective and made to fall in line with the others in the conglomerate's portfolio. Bottom line became the new mantra, often at great cost to service and product quality.

There are, however, some good models out there, where insightful thinking by those in the decision-making roles led to embracing the strengths of both companies involved in the union. In these instances, service quality was maintained, while product development and innovation ramped up.

Some of the most recent moves of well-established and well-respected lighting manufacturers to acquire smaller companies, which have focused on solid-state lighting technologies, could be good news for the industry. An infusion of money into LED-related research could accelerate the development of the source as a more mainstream architectural lighting tool.