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McIntosh at 60!

By Jeff Dorgay

This year McIntosh celebrates their 60th anniversary. Some car companies don't make it that long, but McIntosh continues to make quality HiFi gear in the United States very much like they used to when they started; by hand with a highly skilled labor force. On a recent visit to their factory in Binghamton, New York, I got to see "Made in America" at its finest.





Many people make the comparison between McIntosh and Harley Davidson as being similar icons of American consumer goods, but a stroll down any of the aisles at Harley Davidson reveals cartons of parts from Japan, China and elsewhere. Not so at McIntosh – they bend the chassis from raw steel and cut front panels from bulk sheets of glass. Even the circuit boards are stuffed at McIntosh, some using their own surface mounting machines and others by hand. Precious little gets jobbed out.

Chuck Hinton, McIntosh's head of technical support, was kind enough to take the better part of a day to show me everything in the McIntosh plant and allowed me to peek in all the nooks and crannies. And yes, those nice ladies that you saw in the early McIntosh ads are still there, winding transformers, building amplifiers and performing final tests.

Value is one of the biggest questions raised when investing in a good music system and McIntosh components retain the highest resale value of any other brand on the used market. Many of their vintage components are highly coveted, just like vintage sports cars. You only need to spend a few minutes inside the McIntosh factory to see why.

At the end of my visit, company CEO Charlie Randall took some time to answer my questions about McIntosh's past, present and future. Here's what he had to share with us.



TA: The photos in the Ken Kessler book really don't do justice to just how extensive the facility is!

CR: Yes, there's a *lot* of square footage out there, close to 60 thousand square feet.

I was impressed by how nearly every molecule of McIntosh is built right here.

We try to do it all, and make an effort to have any machining of small parts that we can't handle done nearby as well. We even get the cardboard shipping cartons from a company right down the street.

It must be pretty handy to have engineering right next door?

That's a fairly recent development, sometime in 2001. It's a big benefit for them to see what's going on with the product.

Just like that cartoon about "what the customer wanted..."

(laughs) Exactly

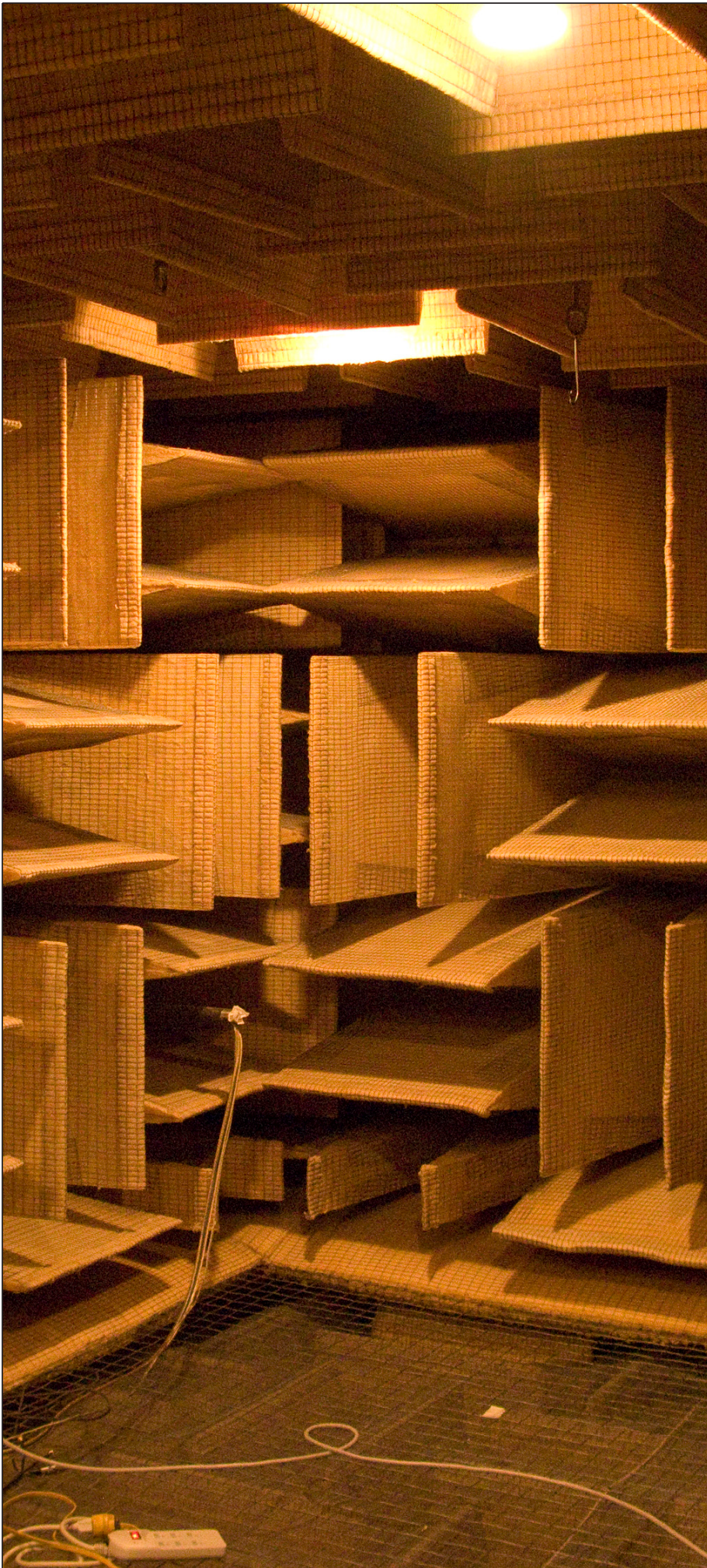
And that's a big part of the value in McIntosh...

Certainly. If we had to farm out casework, etc. etc, our products would cost considerably more. Doing it all in house allows us to keep a tight rein on costs, and it keeps more people employed. Our employees have fairly stable jobs in this economy.

How do you feel McIntosh is holding up in this wacky economy?

We're feeling the pinch, but this isn't our first recession. Some markets are doing better than others, but we keep our workforce small. We pay a fair amount of overtime when we are really busy, but when we aren't, there's still enough work to keep everyone busy. That way I don't have to deal with a hire and layoff cycle. *(continued)*





Good or bad economy, it's always a challenge to keep sales going. Historically, we tend to lag about three months behind the economic trends, yet because we enjoy a fairly affluent customer base, our business bounces back quicker than most.

What about Snell? How much of Snell is coming to the McIntosh campus?

Eventually their whole HQ will move here. Bob Graffe is behind it, and will work from his home in New Hampshire, but will commute here as necessary. Their product R & D will move here eventually, but we plan on keeping the product lines separate. Snell will not become "McIntosh's speaker." It's purely an economy of scale move.

And you are now in charge of Snell too?

That's correct.

Are you starting to see things turn around somewhat from last fall?

We're just starting to. There isn't a consistent change yet, but we are on target with our export business, which is actually over plan.

Is the 60th Anniversary product helping that?

Yes, all of the 60th Anniversary product should be spoken for by the end of the month. (April) We're building 180 systems total and it only took two weeks to get orders for most of them. We're very excited.

How long have you been with McIntosh?

I started in 1985. I graduated from RIT as an electrical engineer. I started here as part of their work co-op program. You had to complete 50 weeks worth of work in your field in order to graduate. So I started here as a runny nosed 19-year old kid! McIntosh still sponsors that program today. *(continued)*





Our employee's average tenure here is about 26, and the engineering staff is even higher than that, most of them have been with us for 35 years or more. Our head mechanical engineer Pete Urban started the same time I did; he was my roommate at RIT.

Is it pretty amazing to reflect that you started here at 19 and now you're the CEO?

It doesn't feel like I've been here for 25 years, because it's been a long progression from there to here. It really helps when you are working at a job you love.

For a while in the mid 90's McIntosh was somewhat dismissed in the high end audio press, but for some time now, you are getting the respect you deserve. What happened?

During that time, we were moving heavily into mobile audio, so the engineering department was split between refreshing old product and developing new mobile product. Right around the release of the MC352, we started to hit our stride.

And you've kept building bigger, more powerful amplifiers ever since?

Yes, the MC501s, the 1.2KW and of course the MC2000KW. That was fun, but we are approaching the limit of how much juice we can pull out of the wall!

We wanted to create those a while ago, but we didn't have the wherewithal to do it. It's helped put us into dealers that wouldn't have considered carrying McIntosh ten years ago.

How many dealers do you have in the US now?

We have a total of 330, probably about 100 of them being integrators, working with architects and install people. It's amazing when you see how many different ways McIntosh gear has been made part of people's environment.

What's the most off the beaten path place you've seen Mac gear installed?

Mykonos, Greece. I was walking down the street on vacation and saw a stack of our gear in a jewelry store. It was the owners system and he was thrilled that I spent some time chatting with him. What are the odds of that happening?

What's coming up on the horizon for McIntosh?

We'd like to see more brand awareness and are looking outside the audio industry. Our new radio system should be able to be placed in non-traditional retail outlets, say Neiman-Marcus, or make it a prize for AmEx Black cardholders. We'd like to get in front of people that appreciate good merchandise that aren't necessarily audiophiles. ●