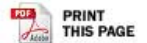




## COMPANY OVERVIEW

[home](#) : [who-we-are](#) : About AutomationDirect - Who We Are : Company Overview



## In the Beginning

Automationdirect.com, originally founded as PLCDirect in 1994, has quickly grown from a tiny PLC company to a well-recognized name in the Industrial Automation Market. As the first industrial controls company to successfully use a direct sales catalog for PLC products, Automationdirect.com is now using its cyberspace superstore, in addition to its 800 number, to reach the next plateau in industrial control sales.

PLCDirect was established as a privately held Georgia corporation that is a subsidiary of Koyo Electronics (part of the multi-billion dollar JTEKT group of companies). Koyo had designed and manufactured PLCs for some of the world's largest PLC companies, including General Electric, Texas Instruments, and Siemens. However, the future plans of these companies and Koyo were not compatible.

Tim Hohmann, founder and company captain of PLCDirect, established the company in January 1994 as the first entity within the JTEKT group to concentrate on the micro PLC market. At its inception, PLCDirect consisted of a handful of people working out of a tiny leased building.

Its first catalog consisted of 200 pages featuring about 200 products. For the first five years, the company focused on practical ways to deliver quality PLCs to customers at prices that were typically half of the traditional automation companies, including Allen-Bradley, GE Fanuc, and Siemens. Their competitive comparisons shown in advertisements and the catalog, combined with numerous Editor's Choice awards for innovative products, customer love letters, and their phenomenal sales growth, proved to tens of thousands of customers that PLCDirect was a solid choice for PLCs.

PLC DIRECT 1994



In 1997, the company moved into a new facility, and completed an expansion in March 1998. On March 31, 1999, the company changed its name to Automationdirect.com and launched its e-commerce site. The catalog has grown to over 2,000 pages featuring over 8,000 name brand and private label products.

What are some of the factors that have contributed to the success of the company? Automationdirect.com was one of the first in the industrial automation industry to employ direct marketing strategies to reach its customers, including advertisements and a direct sales catalog. The company's ability to sell high-technology automation products for very low prices depends on the efficiencies inherent in a direct marketing model. The Cumming facility is its sole location in the United States, and the office and warehouse space has been designed for maximum performance. For example, the sales team handles hundreds of phone orders every day from the privacy of well-equipped individual offices, which promotes productivity and efficiency.

Each member of the technical support team works in a technical suite designed around powerful computers, 20-inch monitors, and a full array of the company's products used for problem duplication and resolution. The warehouse operation has been improved several times in the past three years. The installation of a PC-based control system and bar code identification equipment has resulted in an order shipping accuracy of 99.98%. Apart from the staff required at the central office, Automationdirect.com is really a "virtual" company, consisting of the "Federation of Companies". The Federation is a group of independently-operated businesses, some of which use Automationdirect.com as their primary marketing channel, designing products which adhere to the company's prime directive of "buying the features at half the price." Each company is encouraged to...

ADC BUILDING 2007



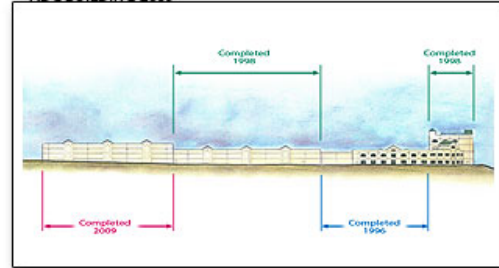
channel, designing products which adhere to the company's prime directive of twice the features at half the price. Each company is encouraged to run itself in a manner that maximizes its own efficiencies.

Also instrumental in achieving success was the installation of a high-performance team environment using the principles of Customer Driven Leadership (CDL), developed by Dr. Ted Anders, Ph.D. The teams are given responsibility for their tasks and the authority to execute them, and are held accountable to constantly find ways to improve service, products, and prices. To plot their progress, each team has a monthly, publicly displayed report card that displays their goals and the accomplishments in pursuit of those goals. Surveys are sent to customers to measure accuracy, helpfulness, timeliness and manners.

Computers measure how quickly the sales and service teams answer the phone and return voice mail. Every team member, team captain, and the company captain have a portion of their compensation directly tied to customer indices such as these. To build and maintain motivated teams, the company offers benefits such as private offices, a well-stocked kitchen, and lunchtime exercise programs. "We're trying to be a little different. We strive to treat our people like billion-dollar assets, because without them, the company would not be the success it has been," says Hohmann.

Looking to the future, Hohmann predicts growth through the continued introduction of new product lines and customers' increased use of the company's Web and e-commerce sites for business and information transactions. "As a direct company, we are in a great position to stay a step ahead of the competition on e-commerce initiatives. However, we want to make sure that the expanding dependence on the Internet doesn't mean we become impersonal. Our goal has always been to delight the customer, and we're dedicated to thinking up new ways to do that in every facet of the business."

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