

New Yorker brings energy conservation to area

By Sarah Kingsbury

GALLATIN NEWS EXAMINER

The year was 1977 and Joseph Merlo had a sense that energy conservation would be the way of the future. He decided to take a risk.

The New York native had spent a decade in insurance and investments before working a three-year stint at a company that manufactured industrial coatings. Then he was introduced to an inventor of a product that conserved motor energy.

"I saw a great deal of potential in that product," he said. "I made probably the best sales presentation of my life to him and convinced him to give me an exclusive on the project. Then I quit my job, started my company on a shoestring and the rest is history."

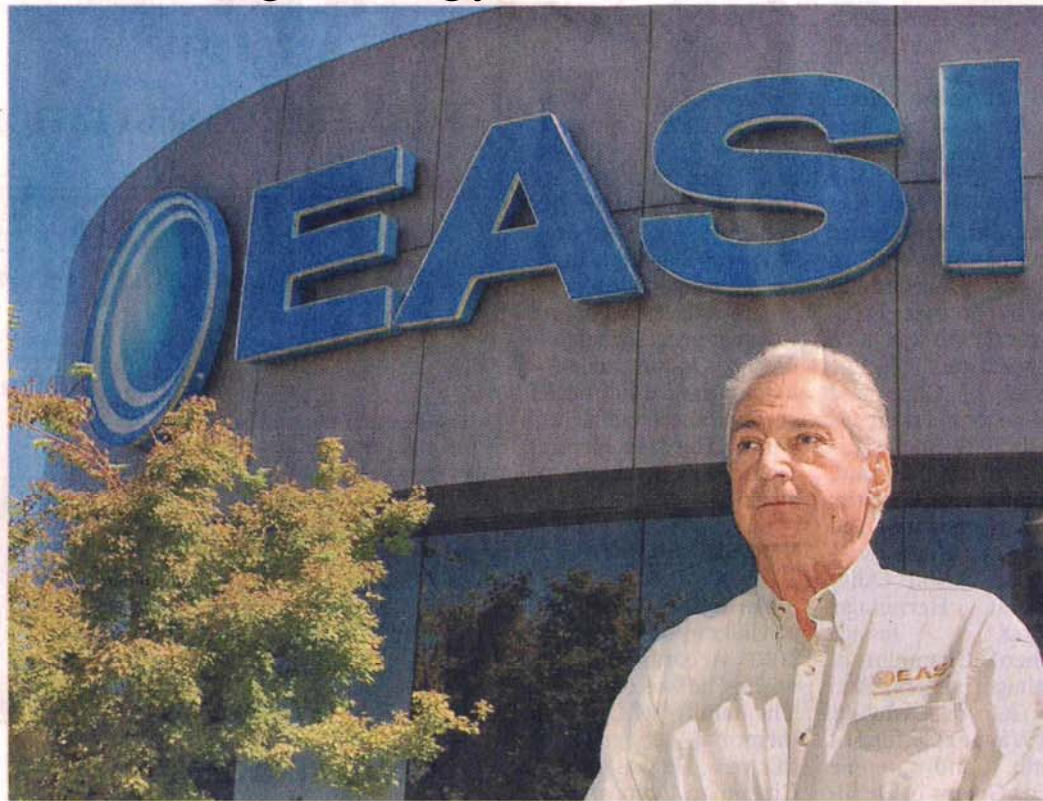
It turned out that Merlo's sense was right - his company, Energy Automation Systems Inc., has evolved from a handful of salespeople; today, EASI includes hundreds of affiliates in 70 countries.

But 33 years ago, while living in New York, Merlo needed the support of his wife to quit his job and pursue a new venture, at a time when the couple had a child and a comfortable standard of living.

"She said, 'If it feels right, do it,'" he said "No grief at all. I was making good money at the time - \$70,000 a year in the '70s. It was a pretty bold move."

From New York to Nashville

For the first eight years, EASI marketed its service throughout the New England area directly to end-user cus-



Joseph Merlo left his job in New York in 1977 to found Energy Automation Systems Inc.

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tomers and was completely self-contained. EASI employed its own electricians, used its own truck drivers and did its own manufacturing and installations.

"Electrically, every business is pretty much the same," Merlo said. "The electric bill is made up of a combination of motors and lights. It doesn't matter whether it's driving an air conditioner or a compressor. The product had a universal application, so I could go anywhere with it."

And in 1985, that's exactly what he did. Merlo had fallen in love with Tennessee when he visited on business trips and decided to relocate the

company to the Nashville area, settling on Hendersonville as the site of its headquarters and Gallatin for its manufacturing operations.

"I also chose that opportunity to change our business model," he said.

EASI began offering its brand to independent business owners who wanted to become authorized affiliates. The company remains involved in the operations of its affiliates by offering sales and engineering support, and product manufacturing and shipment.

"Since we do the project designs and proposals, we know they're done right,"

Merlo said. "And when they sell the project, we make sure they order all the equipment that was specified for that project."

EASI recently broke ground on a 20,000-square-foot manufacturing facility on Airport Road in Gallatin, moving those operations out of a building it currently leases. Plans for a second phase include an additional 20,000-square-foot building, which will house a sheet metal and lighting products manufacturing facility.

Merlo said a third phase might eventually include moving the company's headquarters to Gallatin.

JUST THE FACTS:

Name: Energy Automation Systems Inc.

Location: 145 Anderson Lane, Hendersonville; recent ground-breaking in Gallatin

Contact: 822-7250

Website: energyautomation.com

How long in business: 33 years

Concept: Turn key and guaranteed electrical energy savings projects

Business type: Industrial and commercial energy conservation

Startup capital: Positive cash flow from day one, no capital required

Inspiration: "To earn a living while helping people."

Motto: "The practical energy company."

Role model: Biblical principles

Best lesson learned: "Trust your instincts."

Rookie advice: "Just do it!"

Expanding during economic crisis

Because nearly all motors are inefficient, on average wasting half the energy they use, energy conservation has proved to be a recession-resistant business for Merlo.

"When businesses can't bring in profit through the front door, which is sales, the only other direction they can look at is their overhead; the cost of doing business," he said. "And energy is a big part of that. It's getting bigger and bigger as electric rates continue to go up."

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