

Mace is seeking balance

Cleveland company is going beyond its line of pepper sprays with new technology

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Mace Security International Inc. wants to be known for more than pepper spray, and it's turning for help in its adopted home of Cleveland to extend the connection of its name to other security and safety products.

Garnett Meador, Mace senior vice president and general counsel, said there are two challenges when it comes to Mace's brand recognition. For one, consumers associate the name with the general product of pepper spray — a plus, until they assume a competitor's pepper spray is the same as that made by Mace.

In addition, consumers often think Mace just sells pepper spray, when the company also sells other personal defense items, such as electronic surveillance and alarm systems.

There are other hurdles for Mace, but branding is a big one.

"We have challenges ahead of us, no question about it," said Mace's chairman, Richard A. Barone.

So, Mace has taken steps to better understand consumers and how they interact with its products. In the last 18 months, Cleveland-based product design firm Balance Inc. has been working with Mace to learn more about why consumers buy pepper spray and how different regions perceive it.

"We needed to understand their wants and needs," said Sandy Hridel, director of marketing at Balance.

Through national surveys and focus groups, Balance found the product gives consumers a sense of confidence. But consumers aren't interested in a universal approach — they want a product that fits a specific need, like a keychain container they easily can carry around or a bear spray for hikers to take along on the trail.

Rene Polin, president and founder at Balance, said the company has moved into product development

with Mace and currently is focusing on line and product extensions. Mr. Meador declined to share specifics of coming products, but said in an email that the research strengthened Mace's resolve to be a leader in safety and security technology through internal product development and strategic partnerships.

Mace also has been working to overhaul its website to focus more on education about the brand, how to use its products, and safety and security in general. Mr. Meador said the current site is more like an on-line catalog while the new one — due out in the first quarter of 2014 — will be more interactive in order to engage consumers.

More than pepper spray

While Mr. Meador called the pepper spray products the company's core, Mace also is embracing electronic security technology, and will release products this year that reflects the desire to further expand its reach.

For example, Mace at the end of 2013 entered into a partnership with SoloMetrics LLC, a research and development company in Chicago that specializes in technology for the security sector. Mr. Meador said that partnership should help Mace develop tech-based products such as pendants or chips that help track individuals' locations.

Mace also plans to expand its alarm system products this year by introducing a lower-priced, home-based alarm system that uses WiFi, Mr. Meador said. Both the new system and existing, hard-wired system will let users monitor and control them from a phone or computer.

A big area of focus for the company going forward is offering comprehensive security risk assessments to schools — something Mace began about six months ago. Mr. Barone said the company offers "realistic approaches" in a world where the conversation has focused on whether to arm everyone with firearms or to test everyone's mental health.

The cost of the assessments, which are offered through partnerships with security companies, start in the low thousands of dollars and increase based on the number of buildings and the complexity of a school's current technology, Mr. Meador said. There is no obligation

for schools to buy Mace-branded products after the assessment is done. The assessment identifies specific strengths and weaknesses and offers issues to consider.

"Each school we treat uniquely," Mr. Meador said.

Mr. Meador said in an email that the company is reaching out to school districts and universities to let them know about this service and advertising it in education-related publications. The company also is becoming active in grass-roots organizations such as parent-teacher associations and school safety councils, he said.

Mr. Meador declined to share any of Mace's current customers, because he said the process is ongoing.

Road to Cleveland was rough

Mace leadership expects 2014 to be a good year for the company, which would be a change of pace. Recent years have been tough on Mace, which has had three CEOs since Louis D. Paolino Jr. was let go in May 2008. Its current president and CEO, John J. McCann, joined the company at the start of 2012 after serving in those same roles at Fitness Quest Inc., a distributor of home exercise equipment.

According to documents Mace filed with the U.S. Securities and Exchange Commission, Mr. Paolino was let go for "willful misconduct," related to the board's "belief that Mr. Paolino has not followed the instructions of the board or sufficiently performed his supervisory duties."

In 2011, a cash-strapped Mace put together a refinancing initiative, issuing rights to shareholders to buy new shares. Mr. Barone said the company had exhausted its funds by that time. Mace was losing money as it worked to divest itself of unrelated businesses, such as car washes, and it took an additional loss in 2010 when it paid about \$4.6 million in a settlement with Mr. Paolino, its former CEO who had refuted the charges of misconduct.

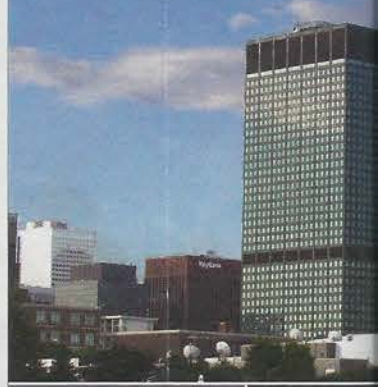
After the rights offering, investment advisory firm The Ancora Group Inc. of Beachwood picked up shares from hedge funds or on behalf of clients, ultimately controlling more than 40% of Mace. Mr. Barone, who is Ancora's chairman, said even after the refinancing, Mace continued to lose money through the end of 2013. Last year's move to Cleveland represented a fresh start for Mace, which combined its headquarters and its pepper spray production in Cleveland. Production had been in Bennington, Vt., and the headquarters was in Horsham, Pa. before a temporary move to Solon about a year ago, Mr. Meador said.

The move to Cleveland allowed for more production efficiencies and expanded overnight delivery options, Mr. Meador said. Mace has about 90 employees total, with 25 to 30 involved in production in Cleveland.

The majority of Mace's pepper spray products now are made within its 50,000-square-foot building at 4400 Carnegie Ave., while the Mace-branded electronics are bought from suppliers. Mr. Meador said some products are made to Mace's specifications on a contract basis, while other are purchased and sold under a private label.

Mr. Barone said he thinks the company has reached its inflection point and that it took its final major losses in 2013. He expects 2014 to be a big year for the company, one in which it can introduce new products, make small acquisitions to build its profile and build awareness of the brand.

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