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It's soon to celebrate 40 years in the business of making valve-powered components but will Audio Research remain true to its roots now it's in the hands of new Italian owners? **Ken Kessler** gets the inside track from company head honcho Terry Dorn

For those able to think back to the early 1970s, when the valve seemed to be on its last legs – or, rather, pins – its survival would depend on a handful of start-ups that weren't even in business when tubes ruled. Of those manufacturers born before the full-blown tube revival of the mid-to-late '70s, but long after the Golden Age of the pre-transistor era, one name looms largest. It was Audio Research that emerged at a time when nobody was predicting a glowing future for valves. Aside from McIntosh, the tube landscape was almost bare at the onset of the '70s.

BELOW: Audio Research founder William Zane Johnson inside the company factory in Minnesota; he set-up the company in 1970 after running a retail operation and then working solely as a custom electronics designer
Bottom: The factory from the outside today

Audio Research will soon celebrate its 40th Anniversary, four decades in which the founder steered the company for most of its span. In early 2008, Audio Research completed the transition from a privately-owned concern to part of a much larger operation. The company's devoted clientele, naturally, want to know what changes are in store. Will Audio Research be able to remain true to its valve roots?

COMPLETE CONTROL

We met with Terry Dorn, appointed President after the founder William Zane Johnson retired, who explained that the company's origins weren't simply a case of an enthusiast deciding to 'save the vacuum tube.'

'Bill had been working in the industry for a long time, designing custom electronics. For private individuals, he would do custom amplifiers and so forth, but he was also doing some custom tape electronics for broadcast installations and things like that. He was running a retail operation in the early '60s, but around the mid-'60s, he decided to devote himself full-time to the custom electronics design.

'He actually sold the company at that point to a holding company [in the electronics industry]. After a



ABOVE: Audio Research President Terry Dorn pictured at CES 2009, reading a copy of his favourite hi-fi magazine

couple of frustrating years, Bill realised that wouldn't work out, that he couldn't really control his own destiny. He bought back the name and the intellectual property of the company, and re-founded it as Audio Research in 1970. It's continued under that name ever since.'

From the outset of his career in electronics, 'Bill would repair things, and also offer modifications on things like Dynacos and so forth, and that became a healthy business for him that he continued for a while, even after 1970. And certainly what he learned in those early endeavours influenced the design of the early, successful products, like the SP-3 series preamps and the D-150 power amplifier, which came from that era.

'Early on, Bill was a big believer in big power supplies, well-regulated, because he knew those things worked in the modifications. That philosophy has continued right to the present day. It's been refined all along the way. The early products... there was a certain similarity among the SP-1, 2 and 3 series, and then later as you got into the SP-6 series, there was a whole new evolutionary change in the design of the front panel and the rear chassis.

'That remained pretty much untouched until the late '80s, when there were minor changes in the look of the product, the knobs and so forth, the engraving on the front panel. That continued until the late 1990s when the handles changed, and there were other minor changes made to the appearance, but there has been a slow evolutionary process over the years.'

Terry smiles at the predicament this has created for Audio Research. 'At this point in time, we're kind of prisoners of our own success, to some degree, because we have such a large installed base of products out there. And our products never die, because people keep sending them back to us, we restore them, we refurbish them and they go back to be used in their systems. So



they have two pieces that are 15 or 20 years old and a brand-new preamp, so they want the stuff to look like it all goes together.

'So the new product is designed intentionally to work at least visually with the some of the older product as well. I don't think we'll be departing radically from that look. You'd upset a lot of people. And you have to move on – where changes make sense, we'll of course make them, but we certainly have to be cognisant of our history. This is our 39th year, and we're not about to veer off into a whole new direction.'

Terry joined Audio Research in March 1986, after a career outside of pure audio. 'I was something of a hi-fi enthusiast, and I was working for an ad agency. I knew Audio Research was located in Minneapolis, and knew they were involved in high quality vacuum tube electronics, and had a pretty interesting reputation, but a somewhat erratic one: certain products being perceived as brilliantly designed and tremendous performers, and others perhaps not so successful. 'I don't even remember the exact circumstances, but I made contact with Bill Johnson. We developed a relationship and I started to do a few promotional projects for him, putting together some advertising materials and brochures and so forth. Over the course of the next year-and-a-half we worked on a number of things. I visited them at CES and he eventually asked me to join the company as Sales Manager.'

MORE MARKET-DRIVEN

At that stage in its development, recalls Terry, 'Audio Research was regarded as "tweaky", but also as a professional company. One thing about Bill is that he was always a very well-organised company director. Not only in terms of the organisation, but even in terms of the physical layout of the factory. People who would come to the factory were just amazed at how well organised it was, how clean it was – a clean and well-lighted place! That's simply Bill's nature.'

Although the company was then a fully-established, major player in the high-end audio scene, Terry remembers that, 'The company was small in terms of personnel. I probably employed maybe 30, 35 people at the time, but had a very professional manufacturing facility, a very nice, professional sound room, so yes, it was a professional company, but at an early stage of development. That continued so that by the beginning of the '90s, we had a fully-formed management team, which included a Chief Financial Officer, a Director of Engineering, a Vice-President of Manufacturing to oversee plant operations. Those functions were lifted from Bill's shoulders.'

'Later in the '90s, several members of the company began to coalesce into a product development team,



ABOVE: From 1996, the LS22 tube stereo line stage boasted remote control as a \$500 extra
RIGHT: The LS25 preamp from 1998 – inside were four 6922 twin triodes

whereas in the early years, Bill would develop the concept for a new product based on what he wanted to do, what he thought would be interesting, what he thought people might like.

'As the '90s wore on, we had more input from dealers, distributors, customers, we became, I think, more market-driven. Given what we already have in the line, what would make a good addition to either the preamp side, the power amp side, or whatever. What do our retailers think they could sell? How should it be

'Audio Research has an impressive track record for creating the sort of classics that cause eBay frenzies'

priced, what features should it have? So we became much more methodical about product development.

'Bill would be critically involved in the actual circuit design of those products, but he began to allow others to contribute to the conceptualisation of the product.'

THE CLASSICS

Whether its products were designed solely by Bill or the result of collaborations involving the company's engineers, Audio Research has an impressive track record for creating the sort of classics that cause eBay frenzies. 'There are probably a couple of iconic Audio Research products from each decade. I think that in the '70s, it would certainly be the SP-3 series preamplifiers and probably the D-150 on the amplifier side. Those were very successful and set the high water marks. In the '80s, one would have to include the SP-10, and there were specialty amps such as the D-79C, or later on the D-250, which were also extremely successful ☺



LEFT: A highly coveted classic, the D-150 stereo amplifier was introduced in 1975 and produced 150W per channel; just 200 were made by the company

and were often paired as components. In the '90s, it's probably the LS-5 Series and the beginning of the Reference Series preamplifiers, the REF 1, and on the power amp side, probably the VT150 series, which evolved into the REF 600 series. I think that in each of those decades, you can find two or three products that were really the high water marks of the company.'

But it wasn't strictly a run of masterpieces. 'It's fair to say that in some ways in those earlier years we were known as a company that for, every four products we brought out, there'd be one that was truly brilliant, the others would be good but would have some weaknesses in them. Today we really do our best not to bring out any unfinished products.'

UPDATE HAPPY

A reputation for constantly tweaking the products also affected Audio Research, both positively and negatively. And at the risk of worrying owners who have hung on to them for decades, Terry admitted that the SP-6 went through the most revisions. Unlike some companies, which used revisions as a revenue stream, exploiting customers as if they were drug addicts, for Audio Research it was inadvertent, a by-product of the company's – and Bill's – need to improve continually the existing models. It was a blessing and a curse. This writer remembers, along with other fanatical audiophiles, trying to keep track of them through the pages of *The Absolute Sound* or other underground magazines, even though I didn't own an ARC preamp at the time.

According to Terry, 'The SP-6 series was a great product, another high water mark, but there were at least five or six revisions. When I came on board in '86, there was a general perception that we were a kind of "update-happy" company. It became very clear to me that it was a burden to our retailers and our overseas people. We tried to be a bit more judicious about update programmes after that. At some point in the last few years we virtually eliminated them.

'Now we try to bring products to the market that can stand on their own two feet for four, five, even six years. Right now, in terms of our global distribution, that's the business model that works best for us.'

Although Bill certainly had the drive and the curiosity, and Audio Research grew large



ABOVE: Another classic – the SP-3 preamp from 1972; several thousand were sold before it was discontinued in 1976

enough to consider it, the company never produced loudspeakers or turntables, and was cautious about entering the digital arena. For a while, Audio Research was associated in the minds of audiophiles with the nearby speaker manufacturer, Magnepan, co-exhibiting at shows, among other things. 'But it was difficult to yoke the two products together. Bill is close friends with a number of speaker makers, and it was a temptation – there was even an electrostatic design that tempted us in late 1980s, but those at the factory felt they had enough on their plate. It would have meant spreading our capabilities and energies too thin.

CD AND SOURCES

'I don't recall that Bill was ever tempted to get into the turntable business per se. He was tempted by tuners,

'Now we try to bring products to the market that can stand on their own two feet for four, five, even six years'

but we never seemed to get around to it. By the mid-'90s or late-'90s, it just didn't seem to be relevant anymore. Could we sell enough to make it worth our while? He was actually tempted by tuners more than anything else, never by turntables.

'As far as CD was concerned, Bill really wanted to hold back and see where that whole thing was going before we got into it. He had severe reservations about the sonic performance of the early CD players and thought long and hard to keep analogue alive. But eventually it became clear that this was a new format that was not going away and it was only going to get bigger and bigger, and we'd better be part of that march to the future.

'The DAC-120 was our first standalone DAC. Our early digital products were the CD-1 and the CDT-1, a player and a transport. We had an all-tube DAC in the 1990s, the DAC-3, which did quite well and then the market for DACs seemed to go away.

Confirming what many believe of a dip in DAC sales, 'We kept hearing from dealers and distributors, "People are really interested in reducing the number of boxes they have and they want a good all-in-one player." DACs had a nose-dived, they really did.' New sources, though, including iPods, on-line streaming have changed all that. 'So today we have two CD players, CD "turntables", ☺



ABOVE AND LEFT: Both from 1994 – the VT150 Special Edition monoblock (top) and the VT60 stereo power amplifier



1949

William Zane Johnson builds his first commercial amplifier

1961

Johnson starts his own company, Electronic Industries

1968

Electronic Industries purchased by Peploe, Inc

1970

Johnson quits Peploe to start Audio Research Corporation

1971

ARC distributes Magnepan, until 1977

1972

D-75 power amp, SP3 preamplifier launched, put ARC on the map

1975

D-150 power amplifier appears

1982

SP-10 preamplifier introduced

1986

Terry Dorn joins Audio Research

1991

DAC-1 launched

1995

CD1, ARC's debut CD player

1998

C1000 tri-chassis preamp, MC2KW 2000W mono amps, and XRT2K loudspeakers

2008

Audio Research sold to Italian private equity firm, Quadrivio

really, one solid-state, one all-tube, and then we have a new DAC product that we introduced last fall. It's kind of come full circle.

'So, yes, digital source components are really the only source components we've ever produced. We've always had one or two phono preamps in our product line, but never a turntable, never a tuner.

'We resisted SACD for a couple of reasons. One is that the cost to enter that market, the cost of developing a player properly, the licensing fees involved, just the cost of the mechanical components required, we felt it was prohibitive, we'd never make our investment back. We became licensed for "red book" CD fairly early on and that proved to be a very good investment, but the cost of getting in and maintaining your presence there is much lower than SACD, certainly than Blu-ray.

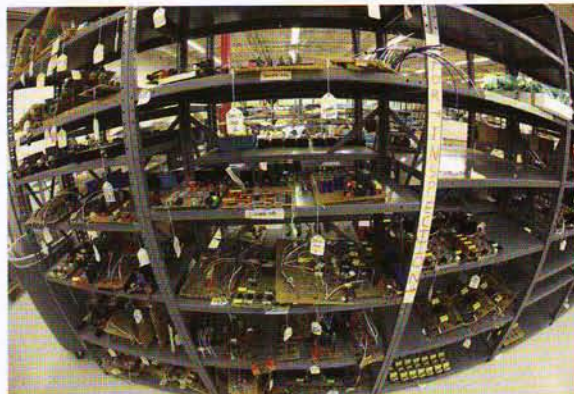
'There's another whole layer of licensing fees once you get into the DVD format. And even the video industry is talking about how Blu-ray is an interim technology. It's very difficult for small, boutique manufacturers to compete in those areas.'

Valves remain Audio Research's primary concern, and Terry is untroubled by the rumours that floated around in 2007-8 about threats to supplies. 'We've seen no uncertainty in the supply [of Russian tubes] and quality has remained consistent. Pricing is still reasonable.

'Our philosophy has always been to use tubes that are in continuous production, they're actually being made today, they're not new-old-stock, they're readily-available and at a pretty reasonable cost. We've stayed away from the high-cost, custom KT88s – our Reference 110, which is our smallest reference power amplifier ... you're looking at four matched pairs of 6550s, and a couple of regulator tubes and so forth. It's about a thousand bucks to re-tube. For the REF 610, it's about \$1800 per amp for a re-tube. So it takes a certain kind of customer to step up to the plate and deal with that.'

BUSINESS AS USUAL

'This year, this coming November, Bill will be 83. For the past five or six years, he had debated whether he should sell the company, whether he should continue with it – Audio Research has really been his life. He loves designing electronic circuitry. He's always been fascinated by it, he has a particular gift for it, it was really his baby, and it was a difficult decision for him to come to the realisation that at some point he would have to step back from the operation and the burdens of ownership.



ABOVE: Inside the Audio Research factory today – as well organised and airy as the day Bill Johnson first set up shop



ABOVE: Reference Two preamp from 1998 (top) and SP10 preamp with partnering SP10PS power supply from 1982

'It made sense to find a new owner. Bill made the decision to search seriously for a potential owner in late 2006. Over the next six months, there were many visits to our factory, many late night tours, conference calls, and so forth. It was winnowed down to six or eight serious contenders.'

NEW POSSIBILITIES...

Eventually, Audio Research was sold to an Italian private equity firm, the group which also owns Sonus Faber – in itself creating an interesting set of possibilities. 'The company changed hands completely in January, 2008. Audio Research is not veering off into some unknown direction. It is continuing on the path that Bill set over the past 39 years. This year, we introduced five

'Bill has continued with us this past year and has contributed to a product that will be introduced in a few months'

models in pure Audio Research mode.' Terry muses that collaboration with Sonus Faber is, 'Certainly a possibility, and we have conversations about ideas that would make sense. We've shared distributors, well before the acquisitions.' As for product co-development, all Terry will divulge is that it's 'An intriguing idea.'

Whatever the future holds, the foreseeable years promise stability and continuity. And to reassure the most purist of the company's supporters, 'Bill has continued with us this past year and, in fact, has contributed to a product that will be introduced a few months from now.

'Right now, I think he's enjoying his well-deserved retirement, as he certainly should, but, yes, he stays in touch with the company. And we make sure that we stay in touch with him.' ☺