



EDITORIAL

NAMM MAKES GOOD ON A PROMISE

Having occasionally criticized NAMM in the past, it's only fitting that we offer praise when the association makes a significant contribution to the industry's well being. A decade after announcing its commitment to market development, NAMM has recently pulled off two major coups in Washington D.C. that indicate that trade show profits have been well spent.

First, with the release of House Resolution 266, NAMM has persuaded Congress to affirm the value of music education in the strongest of terms. Referred to as a "Concurrent Resolution," the bill doesn't allocate money or advocate a specific course of action for local schools. However, an aide to Indiana Representative David McIntosh, sponsor of the bill, said, "This is the first step for getting any legislation to benefit music education."

Given the Federal Government's limited role in education, don't expect HR 266 to have a dramatic impact on local music programs anytime soon. But, the bill is significant because it reflects just how effective NAMM has been in changing national attitudes. Our legislators are nothing if not sensitive to public opinion. Visiting education a decade ago, they concluded that schools needed more rigor and a renewed focus on basic subjects and that music had no place in the curriculum. The reason for their about face with HR 266 is pretty easy to understand; NAMM-funded research on the beneficial effects of music study has convinced a large number of Americans that music belongs in the school curriculum. Congress, in its infinite wisdom, is now reacting to the will of the people.

Secondly, with the opening of the Piano 300 exhibit in the Smithsonian Museum, NAMM has funded an exceptional showcase of industry achievement that will be viewed by literally millions over the next year. The exhibit traces the evolution of the piano and the instrument's significant social impact. However, because the piano is so central to every form of music, it is really a celebration of the entire industry.

Swaying public opinion in a country as large and diverse as the U.S. is no small feat, nor is staging an exhibition in one of the world's most popular and prestigious museums. In accomplishing both, NAMM

has made good on an earlier promise to use its considerable resources to aid all segments of the industry. Congratulations to the staff and board for a job well done.

Brian T. Majeski
Editor

WHAT IS VALUABLE?

Quick, name the most valuable company in the music industry. If like most people, you guessed Guitar Center or Steinway Music, you were dead wrong. (See accompanying chart.) At over \$900 million, tiny Sonic Foundry's market value dwarfs that of every enterprise with the exception of Yamaha. This is just one of the interesting facts we uncovered in compiling the Music Industry Census, a statistical review of industry sales, and the Top 125 Suppliers, a ranking of manufacturer performance.

WHO'S WORTH WHAT

	Market Valuation	99 Sales	Earnings	Employees
Yamaha	\$1,500	\$4,700	(\$77)	9,000
Sonic Foundry	\$955	\$14	(\$6)	160
Kaman Corporation	\$215	\$985	\$21	3,200
Guitar Center	\$200	\$620	\$18	2,500
Steinway Music	\$170	\$305	\$17	2,100
Mackie Designs	\$72	\$153	\$3	1,440

Dollar figures in millions. Valuation represents closing stock price, as of March 12, multiplied by number of outstanding shares.

The stratospheric valuation the market gives to Sonic Foundry reflects the current infatuation with anything even remotely related to the Internet. Is software that packages audio for Internet transmission really that valuable? Only time will tell. In the meantime, however, the management of profitable ventures like Steinway, Guitar Center, and Mackie have to scratch their heads and wonder, "Does offering a good service or product at a profit really matter?" But as they say, the Internet changes everything!