

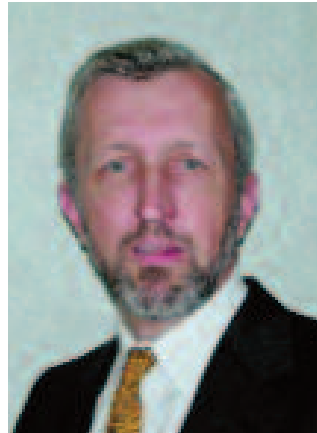
# When Assumptions Go Out The Window

The news has been filled with disheartening stories over the past six weeks. A stock market sell-off of epic proportions stripped Americans of a few trillion in net worth. There were more bailouts than anyone could hope to keep track of with a tab big enough to be seen from outer space: \$7.0 trillion and still growing, as of this writing. Record foreclosures, sinking home prices, and rising unemployment rounded out the grim tidings. Amidst the gloom, there have been a few encouraging signs, however. Consumer confidence rose sharply in November, and “Black Friday,” that crucial selling day after Thanksgiving, saw retail sales edge up 3%. Not a stellar showing, but not a catastrophe either.

The common thread running through both the good and bad news stories is a pervasive sense of uncertainty. Watching as the economic teams of both the incoming and outgoing administrations all but say “we don’t know what the hell is going on, what we should be doing, or what to expect for that matter,” doesn’t exactly inspire confidence. A few tiers down in the hierarchy of talking heads, other pundits and policy makers have taken to playing it safe with the old familiar, “on the one hand, on the other hand” dodge. This kind of talk reportedly prompted President Harry Truman to say, “Get me a #@\*& one handed economist.”

Uncertainty at all levels has a lot to do with our current economic woes. In business and in our personal lives, our actions are guided by assumptions about the future. Retailers stockpile inventory, make hiring decisions, and set promotional budgets based on assumptions of sales levels. Consumers predicate their buying decisions on assumptions about their income and net worth. The recent turmoil has all but erased everyone’s confidence in the validity of their assumptions. And, absent assumptions, paralysis sets in.

Unfortunately, there’s not a lot anyone can do to infuse the population with a renewed sense of confidence and jump-start the economy. However, there is one positive step people in the music industry can take, and that’s to attend the NAMM show in Anaheim (January 15-18). Right now, everyone is wrestling with two primary questions: How do you best position your business to ride out what promises to be a tumultuous year? and Where are



brightest untapped sales opportunities?

Your best chance to answer these and other key questions lies inside the sprawling Anaheim Convention Center. The opportunity to meet with peers and attend educational sessions provides an unmatched opportunity to formulate a workable strategy for 2009. Where else

can you discuss best practices with the industry’s most successful players? With more than 1,500 exhibitors at last count, there are unquestionably several unknown products that could make a significant contribution to your bottom line next year. Finally, the prevailing attitude at the show is probably the best predictor of what to expect in the coming 12 months.

Our favorite philosopher, the estimable and astute Yogi Berra, noted that “Making predictions is really hard, especially when they’re about the future.” The wisdom of his observation is confirmed almost daily by the unexpected turns of the financial markets, the larger economy, and the world at large. Or were we the only ones who didn’t call Madonna’s divorce, the Phillies’ victory in the World Series, the ratings surge of *Dancing with the Stars*, or Guitar Hero’s runaway success?

As to forecasting the industry’s near term trajectory, we confess to being as clueless as the next person with unfettered access to a word processor. However, success has a way of favoring the prepared, and the best way we know to prepare for what will undoubtedly be a challenging year is to go to NAMM. There’s still time to register at [www.namm.com](http://www.namm.com) or by calling 800-767-NAMM.

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