EDITORIAL

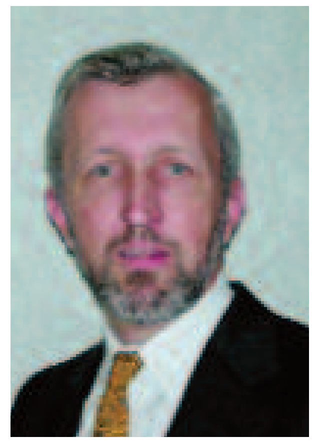
Some Things Never Change, Some Things Do

In the depths of the Depression in 1932, William Howard Beasley, president of Whittle Music in Dallas, assembled his sales staff and announced, "When a customer walks in the door, he's not looking for a goddamned elephant. The fact they're in our store announces that they have an interest in music!" It was an unimaginably difficult time. Unemployment levels topped 25%, the economy had contracted by nearly 30%, and every business in the country was in a fight for survival. What Beasley was trying to convey with this colorful admonition was that any and all customers were a precious commodity that needed to be handled with extreme care. And, unlike in department stores where people occasionally wandered through to kill time; anyone who crossed the threshold at Whittle had already been pre-qualified as a potential buyer. Failing to engage them fully was literally letting sales walk out the door. Making the effort to promptly serve every customer is one reason Whittle survived the Great Depression and went on to become one of the industry's most successful retailers.

Serving customers today involves responding to emails and taking phone inquiries as well as engaging in face-to-face encounters, yet Beasley's insights retain their relevance, especially in today's market. Although not as difficult as the '30s, the combination of an uncertain public, limited credit availability, and rising unemployment has made the current market the most challenging in memory.

What makes for a successful retailer in a tough economy? According to the sales chief for one of the larger industry suppliers, it's adherence to the principles Beasley articulated 77 years ago. He explains, "The retailers who are hanging in there are the ones where the owner has a real presence on the sales floor and is constantly cheerleading the sales staff to make every single customer feel welcome. Customers have this unerring sense. They can tell when you're sincere and when you're just trying to take their money, and they won't buy where they don't feel welcome. It's pretty simple; it all comes down to taking care of the customer." He adds, "Walk into a store where everyone is grim and the owner and manager are talking about how terrible business is, and you know they're doomed."

During a time span that witnessed extraordinary technological advances—like antibiotics, commercial aviation, and the microchip—it's a bit ironic that so little has changed in the basic sales process. It still comes down to



establishing trust and communicating benefits in terms the customer can understand. Like so many other things in life, it's simple in theory, but difficult to put into practice.

The first step towards improving performance is measuring it. Here's a simple strategy employed by successful merchants in every retail segment. Install a counter at the door that monitors how many people come and go during the course of the day. Compare that number against the number of sales transactions to determine a closing ratio. Then start the analysis process on how you can better turn visitors into buyers.

If salesmanship has remained relatively unchanged through the years, inventory management has been dramatically enhanced by technology. Not sufficiently though, argues Chuck Clynes in the letters section of this issue. He contends that efforts in the piano industry to secure new sources of inventory financing are hampered by the fact that manufacturers and retailers persist in using the same system for inventory identification, tracking, and control that's been in place since the late 19th century. "When we consider the fact that it is both expensive to conduct floor audits for pianos and add the reality that many of the same units must be re-counted month after month, it becomes clear as to why lenders' comfort levels in our industry are on the decline," he states. His prescription for how the industry could band together to improve the inventory management methods and attract more financing in the process provides a straightforward action plan for the industry's associations. It's doable and it could have immediate effects.

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