

# Thoughts On How To Be A Survivor

**M**usic and musical instruments are in a state of constant evolution, but unlike in the natural world, none ever seem to become extinct. Their status and popularity change over time, but they somehow manage to survive the most jarring social and technological change. 120 years ago, mandolins ruled the popular music scene as the top-selling fretted instrument, and the country was dotted with mandolin clubs and mandolin orchestras. The mandolin is still with us today, but it exists as a niche product, with comparatively nominal unit volumes. The same holds true for the accordion, which was a top seller in the '40s and '50s. It occupies a much diminished role today, but still has an important place in the musical landscape. Even technology-based products seem immune to the natural selection process. Digital synthesizers and tone generation pushed analog products to the sidelines almost three decades ago, but they didn't kill them off. Analog synths are still available for those who want them.

Retail formats are not quite as durable, but still show remarkable resilience in the face of a changing world. Big box chains took a large share of the market a decade ago, but didn't completely eclipse the independent retailer. And for all the growth online retail has enjoyed in the past five years, brick-and-mortar is still where most of the business is done. However, with more retail formats available today, weaker practitioners, large or small, risk getting crowded out of the market. We would argue that success in retail today is less about store format and more a factor of managerial skill. Brick-and-mortar or online, large or small, full line or specialist, survival depends on "best in class" operations.

In this issue, we profile three retailers who operate very different businesses, but offer sage advice that would benefit anyone. The fact that their businesses are doing well in a uniformly tough economy adds credibility to their words.

Jon Haber, who built Alto Music into a thriving four-store chain, distills nearly three decades of financial wisdom into a terse warning. "Don't be an idiot when times are good," he says. "Business goes up and down, and if you spend it all in the good years, you won't be able to ride out the bad years." In addition to providing a cushion against the inevitable downturns, fiscal restraint also has a way of creating opportunities. Elsewhere in this issue, we detail how Haber was able to exploit the financial crisis to negotiate better leases, expand stores, and acquire previously unattainable real estate, none of which would have been possible if he had been profligate during good times.

George Gruhn, proprietor of Gruhn Guitars, who has 40 years of experience selling guitars, observes, "After some

painful learning experiences, I've found that things function better when I'm actively involved." In other words, the success of his business hinges less on grand marketing concepts and more on attending to hundreds of seemingly insignificant details, like answering customer inquiries promptly, diligently



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monitoring inventory, and keeping a tight rein on costs. Retail remains a detail business, and woe to those who don't sweat the small stuff.

Greg Durthaler and Brian Hostetler of Piano Solutions in Indianapolis offer up another occasionally overlooked truism: "Sales ultimately come when we focus on just doing the right thing for our customers." The buying public is hard-wired to get the most for their money,

and they are adept at seeing through schemes that serve only to increase retail profits. Trying to force the buyer to serve the store's interests is a losing proposition. Customers are too smart for it to work, and it can kill your reputation.

Financial discipline, attention to detail, and trying to see things from the customer's vantage point hardly represent original thinking. But that doesn't mean they aren't terribly relevant. (The Ten Commandments aren't particularly original either.) In or out of the music industry, successful businesses are those that manage to follow these three principals. Don't take our word for it, just look at the stories of success or failure in the general business press. And, take a look at what these three retailers have to say about making progress in a challenging market.