

How To Measure Success

At the Summer Show in Nashville this year, NAMM will be paying tribute to retail excellence with a first-ever “Top 100 Retailers” awards ceremony. At a time when the industry is still being buffeted by bad economic news, the idea behind the event is to shine a spotlight on operators excelling in a tough market, to showcase successful business models, and to inspire others to excel. In searching for candidates, NAMM cast a wide net, rounding up several hundred entrants. The task of evaluating this diverse collection of businesses fell to an industry panel that I hesitate to describe as either “distinguished” or “expert,” given my presence on it. But putting aside the credentials of the judging panel, and regardless of who “wins,” those who attend the ceremony event on Friday night July 22 in Nashville will unquestionably be enlightened and entertained by some inspiring case studies.

To avoid giving away any of the outcomes of the award ceremony, I’ll refrain from naming names and offering specifics here. Suffice it to say that the entrants serve all product and market segments; some are well known, others are relative newcomers; they range in size from small to large; and they are drawn from every geographic region. After sorting through a ton of photos, ad materials, company stories, and third-party testimonials, I was left with one overriding impression, and one nagging question. The impression: for a relatively small industry, we have an extraordinary variety of retail formats. The question: what defines success?

Evolutionary biologists point to a correlation between climate and the diversity of plant and animal life. A hospitable environment like a rain forest supports a vast number of life forms while the harsh North Pole is comparatively barren. Applying this logic, the music industry must be an amazingly habitable place because it is served by an extraordinarily diverse collection of retail business models. NAMM’s Top 100 contestants include retailers that exclusively serve retirement communities and some that sell only vintage guitars; there are retailers that operate with a “big box” format and some that make a go of it with just 1,000 square feet of space; some are internet-only, others are exclusively brick-and-mortar, and a number have devised unique hybrid formats; some cite technical expertise as their competitive advantage, while others point to strong community outreach efforts. In short, of the several hundred retailers in the group, no two are directly comparable, and most have about as much in common as Dick’s Sporting Goods and Victoria’s Secret (both sell apparel).

In a market economy, profit is the typical yardstick for measuring success, and there’s no understating its importance. It’s a concept that’s synonymous with the current buzz word “sustainability,” given that unprofitable enterprises are not sustainable. However, in the case of the Top 100 contestants, it’s not the only useful metric. In nearly every case, these businesses were founded by entrepreneurs who made a lifestyle choice—“I don’t want to work for someone else”—and were inspired to advance the cause of music. As such, their success should also be judged on how well they have expanded the community of musicians, and what kind of lifestyle they have provided for themselves and their employees. These are murky, impossible-to-quantify criteria. However, unlike, say, banking, this business has always been about more than making money, and any assessment needs



to take that into account.

One way of doing so is to acknowledge that businesses in our industry answer to two masters: the fiscal and the artistic. Survival depends on bowing to the inescapable realities of profit and loss. But music retailers are also charged with serving what Plato described as the “most exalted art form.” And this service to music is where they make their most lasting contributions. Commercial success is fleeting—all but a handful of the prominent retailers profiled in *The Music Trades* 50 years ago are forgotten today. However, the cumulative contributions of their introducing millions to music lives on in a vibrant national culture. Based on the comments of entrants in NAMM’s contest, it’s apparent that satisfaction that comes from proselytizing about music provides a major reward.

Given the recent upheavals in the commercial realm, we’re not too confident predicting which business models are going to be successful five years or even one year out. However, reflecting on NAMM’s Top 100 roster, we’d say with confidence that they have all ably served music and made the world a better place in the process. For that, they all deserve a prize.

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