
Ending 90 Years Of NAMM Secrecy

The NAMM Expo is significant for a large number of reasons. It represents the largest trade show in U.S. history, and it is one of the largest gatherings of music industry people in the world. Additionally, the show will, we hope, witness the full disclosure of NAMM financial information after nearly 90 years of complete secrecy. At the Commercial Member Forum, held in March at the Chicago Westin O'Hare Hotel, NAMM management pledged to make public its finances at the annual membership meeting on Sunday, June 15, in the Chicago Room of McCormick Place. The next two days will reveal whether or not this promise was meant to be honored.

At the Commercial Member forum, as reported in the April issue of *Music Trades*, NAMM offered to provide up to \$2.1 million from its general fund for the promotion of music, and it called for a new partnership with the industry's suppliers. A working partnership, based on mutual trust between NAMM and the suppliers of the industry, would be of tremendous benefit to all. Aside from facilitating industry promotion, it could also help soften some of the detrimental animosity that currently exists between manufacturers and retailers.

Partnerships are based on trust, and trust is dependent upon the free exchange of information. For this reason, we feel that it is vital for NAMM to honor its pledge and make public its financial statement. An open discussion of NAMM finances will put to rest, once and for all, rumors about the associ-

ation's excessive largesse and will dispell any lingering notions that "they have something to hide." More importantly, though, openness on the part of NAMM management will help set the stage for true cooperation with the suppliers of the industry.

As a 501 C6 organization, NAMM is exempt from taxes, because the Federal government deems that its profits represent money collected by an industry, for that industry's benefit. Over the years, NAMM has been generous with its surplus, supporting the American Music Conference, numerous market research studies, and a host of other worthwhile efforts. However, for the industry to receive maximum benefit from NAMM's surplus, all segments should have some say in how the funds are spent, thus the need for a true partnership between NAMM and suppliers.

The timing is ripe for a concerted effort to spread the good word about musical participation and stimulate the sale of all musical products. However, the success of any such effort will require the support and assistance of a full cross-section of the industry. NAMM represents the only organization that has the potential to forge such a coalition. Here's hoping that it takes full advantage of the opportunity.

Brian T. Majeski
Editor

Be A Smart Buyer

The trade show is something of a celebration of the dynamism of the music industry. With nearly 600 exhibitors, and every conceivable musical product lavishly displayed, the show has a contagiously festive atmosphere. However, dealers who make poor buying decisions leave the celebration with a long lasting financial hangover. For better or for worse, selling and buying represent the major activities at the trade show. Dealers attending the show without a proper "buying strategy" will find themselves burdened with a host of slow moving products.

No dealer can effectively sell every product. Consequently, a great price on a product you can't sell is hardly a good deal. As you review products on display, keep in mind who your customers are and what type of products you can quickly turn. Manufacturers generally stress how easy their products are to

sell and rarely, if ever, presenting the downside. As a result, it is up to you to determine whether or not a given product fits into your operation.

Given the inventory investment necessary to operate a music store, the turnover rate of a particular product is every bit as important as its gross margin potential. Thus, a shorter discount on a fast moving product may very well be worth it, and big discount on a slow turning item may not yield much profit.

The show is an enjoyable opportunity to see, touch, and experience the latest musical offerings and take the pulse of the industry. But to really enjoy the show, you have to avoid making decisions that you may later regret. Be a smart buyer, and exploit the show to its fullest.

Paul A. Majeski
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