

# There May Be A Free Lunch

As you scan the chart reproduced here, ask yourself, "What would I pay for a similar analysis of my business that graphically compared my results, using 18 different financial yardsticks, with those of other music retailers?" Given that a bargain-basement accountant bills time at about \$60 per hour, and a financial analysis like this would take many hours to produce, a minimum of \$500 would seem to be a fair price.

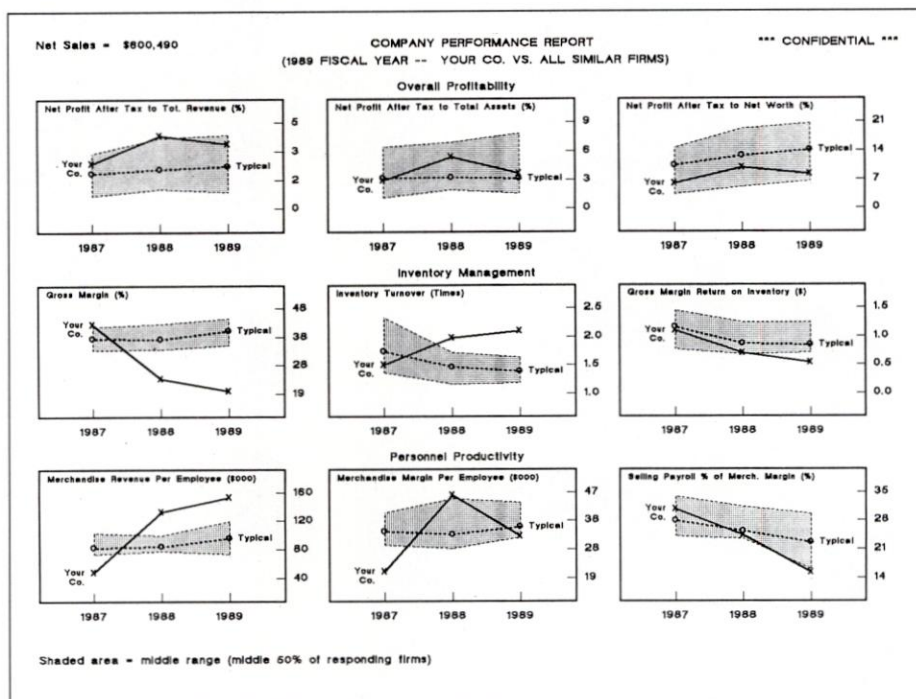
At \$500, however, the analysis would still probably pay for itself. By enabling you to compare your expenses, gross margins, and turnover rates with those of other music retailers, you could quickly identify areas in need of improvement, and the resulting profit gains would more than cover the initial \$500 outlay. Accountants capable of generating excellent financial graphs are not that common, and those with access to broad-based music industry statistics are non-existent, so you could justifiably ask, "What's the point of all this? Because getting this type of business analysis is impossible anyway."

The good news is, this type of custom financial analysis is readily available from NAMM, and better yet, it's FREE! While there is no such thing as a free lunch, this deal comes pretty close.

How do you go about getting the analysis of your business? Simple. Each year NAMM conducts a financial survey of music retailers across the country to determine the overall performance of the industry. If you participate in NAMM's survey and submit your financial data on a special form, in return you'll receive an exhaustive analysis of your business, complete with extensive ratings and commentary on how you're doing.

The bad news is, only a pitiful number of retailers take advantage of this excellent service. Even among the 24 NAMM board members, only a minority participate in the retail survey and receive the accompanying financial analysis. This sad fact is a terrible indictment of our industry's business acumen.

At various industry gatherings, retailers and manufacturers delight in holding forth on how to improve industry fortunes, and everyone has an idea. "If



only music education was mandated by law, we should lobby Washington." "Let's solicit money from Fortune 500 companies to stage music festivals." "Everyone should pool their advertising revenues to run a consumer ad campaign to compete more effectively for the leisure dollar." "Blah blah blah." Yet for all the talk, few seem willing to take much action where it really counts...in running more effective businesses.

Instead of wasting time searching for some external salvation that will lift the industry up to new heights, try taking a look inward. Specifically, this translates into working to make your business more effective. A few more gross margin points, a better turnover rate, or a lower sales expense would free up funds that could either enhance your lifestyle or help you promote music more extensively. And the best place way to start working towards these improvements is to get a financial analysis of your business. It's easy to do, and the price is right.

In your trading area, your efforts, more than any other single factor, will determine whether the music industry is good or bad. In boom years, retailers go bust, and others consistently prosper in tough times. So, until your own house is in order, stop wasting time and energy searching for some industry salvation.

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