

## Servants Of Music

With the deaths last month of guitarist Stevie Ray Vaughan and Pearl Bailey, the musical world has lost two of its stellar talents. The passing of these great artists touched millions around the world and illustrated the universal power of music. As performers, jazz diva Pearl Bailey and blues guitarist Stevie Ray Vaughan were worlds apart. Yet both, through their exquisitely refined craft, transcended barriers of nationality and race, uplifting audiences around the world. Each had a distinctive style that embodied music's truly universal appeal.

As those who manufacture and sell musical products, we need to be mindful of the unique power of music. Unlike many industries, we are not simply engaged in the making and selling of products. Rather, we are servants of mankind's

highest form of expression.

The opportunity to help people and performers make music offers us a potent sense of satisfaction that few in other industries enjoy. By serving great artists like Stevie Ray Vaughan and Pearl Bailey, not to mention millions of amateurs, we enrich the world around us. This revelation does not necessarily guarantee a livelihood in the music industry, but it can help one maintain perspective and purpose amidst the daily challenges of business.

Brian T. Majeski  
Editor

## Aftershocks Of The S&L Crisis

What do the Savings & Loan crisis, the Federal deficit, record student loan defaults, and delinquent Third World debt have to do with the music industry? The answer is, "more than meets the eye." All four of the above factors effectively reduce the availability of credit for businesses and consumers. As small, thinly capitalized businesses, music retailers are usually among the first to feel a credit shortage.

Without trying to be alarmist, it's worth noting that most of the industry's difficulties in the recession of the early eighties were caused not by the cutback in consumer spending, but rather by the acute credit shortage. If interest rates had remained at a reasonable level, most dealers could have survived the drop in sales. However, when the prime rate shot up over 21% in 1981, over a thousand dealers were forced to shut their doors.

We are not for a moment suggesting that a replay of the early eighties is in the offing. However, discretion is the better part of valor, and retailers would do well to explore their financing options just in case.

Floor planning programs can be used effectively

in some cases, but a bank credit line is generally the most cost-effective means of financing inventory. While the going is good, we would urge retailers to explore financing options with as many different institutions as possible. Aside from developing good business contacts, talking to bankers and loan officers could provide you with sage advice for making your business more credit worthy.

Predicting the direction of interest rates is somewhat akin to guessing where the ball will land on the roulette wheel. But, unlike a roulette player, you have the opportunity to hedge your bets in your business. If you prepare for tight credit and it never materializes, you'll be that much better off. But if things get tough, you'll be in a position to ride out the situation.

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