



EDITORIAL

Moving Ahead In Good Times

As we prepare to immerse ourselves in yet another NAMM and show lay out plans for 1995, it's worth taking stock of 1994. By all indications, it was a good year for the music products industry. At retail, a better economy and more confident consumers helped drive sales up to record levels. School music programs also enjoyed a good year, thanks to increased enrollment levels. For U.S. manufacturers, 1994 was a bonanza; strong demand both at home and abroad put most companies in a backorder position.

With all this good news, we would suggest that now is the time to think about overhauling your business. The reason? It's a lot easier to make changes when things are going well. Employees feel more secure, so they are more willing to experiment with new ideas. A good financial position gives you the luxury of being able to maintain control of the changes, rather than having them forced upon you. And you have less pressure, so you can probably assess things more clearly. If you address problems now, when things turn down, as they almost certainly will sometime in the future, you won't be moaning about how "we let ourselves get fat and lazy in the good times." We offer the following slightly late New Year's resolutions as a modest guideline for shoring up your business.

Resolve to take your profit and loss statement home as soon as its available and scrutinize every line item for potential savings. Do you have the best insurance rates? Are you getting the best terms and rates from your bankers? To get a better grasp of areas in need of improvement, get a copy of NAMM's Cost of Doing Business Survey. By comparing your P&L with industry norms, you can quickly isolate trouble spots.

Resolve to remember that customers are the most important things in the world. There are not that many of them, so be sure to treat them all well. The quality of the greeting at the door is your first and last opportunity to make a lasting good impression. People don't walk into music stores just to look. Everyone coming through your door is a prospect. Any salesperson who is still sitting down after the customer is three feet over the threshold should be

horsewhipped, fired, or both.

On the subject of customer appreciation, when was the last time you thanked someone for doing business with you? If you and your staff are not in the habit of writing thank you notes to customers after the sale, start today. It is an inexpensive way of building customer loyalty.

Resolve to make sure that if anyone is going to steal from you, either internally or externally, he will have to work hard for the fruits of his crime. Install a good electronic burglar alarm, preferably the silent type that is based upon motion disturbance. If you think money is bypassing the cash register, have a shopping service come in while you are away to check on your employees. Flatten all cartons before taking them out to the trash so employees can't secret out merchandise. Remember, you have a responsibility to keep your employees honest by making it hard for them to steal.

Resolve to analyze your service costs. Check to see if it would be more profitable to convert the department into an independent contractor. You might just save on social security and other payroll taxes while encouraging people to work harder.

Resolve to honestly appraise your slow moving inventory. Bad merchandise doesn't improve with age, and you'd be better off taking your losses and reinvesting the cash in faster turning goods. Set a time limit for liquidating your questionable stock and stick to it.

Resolve to plan your advertising in advance, rather than waiting to the last minute to repeat an old ad. Thanks to desk top publishing, you can now set up your own in-house agency for a nominal cost. And, if you aren't compiling the names and addresses of all customers and prospects into a mailing list, start doing so today. Direct mail advertising and promotion is proving to be the most effective retail media for the '90s.

To those who have read this far, Happy New Year!

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