



EDITORIAL

On Being A Contrarian

Just about every text on “how to succeed in business” extols the virtues of contrarian thinking. If you can avoid the herd instinct, logically analyze the challenges facing you, and summon up the courage to act on your independent beliefs, the books tell us you have a much greater chance of achieving something significant in your career. Guess what? The books are right.

The music industry is filled with examples of the power of contrarian thought. If Leo Fender had embraced conventional wisdom, chances are his guitars would have looked like Gibson archtops, and he would never have moved beyond operating a radio repair shop. Back in 1966 the idea of a kid in Mississippi working out of an attic and taking on industry leaders seemed pretty farfetched. But Hartley Peavey ignored the naysayers, kept his own counsel, and the rest is history. More recently, Greg Mackie audaciously shrugged off the conventional wisdom that said you can't compete against giants in the audio business when your manufacturing operation is in your guest bedroom. Mackie Designs and the industry at large are better off because of it.

Contrarian thought also lies behind just about every successful retailer we have ever profiled at *Music Trades* in 106 years of publishing. The specifics vary from case to case, but the basic story almost always follows the same outline. An ambitious individual wants to make good and opens his or her own store. They have very little money, marginal inventory, and access to few if any good lines. Furthermore, to any outside observer, they don't stand a chance competing against the established store in town that has money, inventory, all the lines, and a good reputation. Despite the long odds they forge ahead, and through a combination of hard work, service, and pricing they carve out a niche and eventually become the major player in the market. If any of these retailers had followed conventional wisdom, they never would have gone off on their own in the first place. Instead, they would have agreed that the prospect of success was too remote to warrant the risk and kept their day job.

Listening to the discourse in the general media prompts me to engage in a little contrarian thinking of my own. At the moment, people at every end of the political spectrum have decided that things are terrible

and rapidly getting worse. Massive corporate lay-offs, technological upheaval, wage stagnation, exploding health care costs, global competition, illegal immigrants, and a welfare system out of control are just a few of the highly publicized problems that lead every politician in sight to discourse on the angst and suffering of the middle class.

Whenever everyone agrees that things are grim, my first reaction is that they're probably wrong. And, if you peruse a few economic indicators and a little history, it's not hard to make a plausible case for extraordinary optimism ahead. Yes, wrenching corporate layoffs have made headlines recently. Less publicized is the fact that, according to *Forbes* magazine, the 800 largest companies added 250,000 employees last year. The Department of Commerce also weighs in with good news, noting that the economy added five million new jobs last year.

Technology is changing the way we work, eliminating manufacturing jobs, and upending careers. So what else is new? In 1900 35% of the workforce was employed on farms. Today, thanks to technological upheaval, only 2% is still on the farm. Is anyone suggesting that we're worse off because there are fewer agricultural laborers? As to the issue of wage stagnation, factor in bonuses, employer-paid health benefits, and a realistic calculation for inflation, and the earnings picture looks a lot brighter.

Closer to home, despite all the gloom and doom scenarios, the music products industry has demonstrated exuberant growth in each of the last eight years. What's more, at \$5.47 billion, industry sales in 1996 were nearly \$1.8 billion higher than in 1989. Our quarterly retail sales reports, the most recent of which was published last month, suggest that this growth is not abating. A sampling of over 200 retailers reported sales gains of 3.6% for the three-month period ended March 31, 1996.

We are willing to let the herd go its own way and predict that the industry's prospects have never been brighter. Especially for those who are willing to think on their own.

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