



EDITORIAL

NEW YEAR'S RESOLUTIONS

THOUSANDS OF MUSIC STORES across the country look pretty much the same to the customer: They stock the same products, use similar display techniques, offer similar service, and are staffed by the same type of people. Yet despite these outward similarities, a look at the financial results reveals glaring differences. Some proprietors are doing exceedingly well while others are struggling to pay the bills and keep the doors open. Retail means detail, and the financial disparities between comparable stores usually is the cumulative result of dozens of seemingly insignificant details, from taking cash discounts from suppliers to minimizing inventory shrinkage.

January is the time of year when we take stock of the past 12 months and wipe the slate clean in preparation of the coming year. Ben Franklin once observed that small leaks can sink great ships. In the hope of helping our readers plug any and all fiscal "leaks" to make 1997 the industry's best year yet, we would like to offer a few New Year's resolutions.

Resolve to take your profit and loss statement home as soon as it is available and scrutinize every single line item in search of potential savings. Do you have the best insurance rates? You can find out only by shopping around. Are you getting the best terms possible on credit card sales? Check with all your local banks. To help put your financial performance in perspective, be sure to get a copy of NAMM's Cost of Doing Business Survey, which clearly lays out retail financial norms.

Resolve to always remember that customers are the most important things in the world, and, like most valuable items, they are far too rare to treat carelessly. The quality of greeting given to a customer at the door is the first and last chance to make a lasting good impression. Everyone coming through your door is a prospect. Any salesperson still sitting down after a customer is three feet over the threshold should be taken out the woodshed, fired, or perhaps both.

Resolve to analyze your service costs. Check to see if it would be more profitable to convert any in-house operations into an independent contractor.

You might save Social Security contributions and various other employment taxes while offering service personnel an incentive to perform.

Resolve to honestly appraise your slow-moving inventory and trade-ins. Bad merchandise doesn't improve with age, and you are always better off taking your loss and converting the cash to faster-moving products. Set a time limit of, say, three months, for liquidating all your questionable stock.

Resolve to be strong when a supplier offers you a special. Don't buy unless it fits into your overall plans, or you could end up like the hapless merchant in the cartoon who exclaims, "One more good deal and I'll be broke."

Resolve that if any anyone is going to steal from you, either internally or externally, they will have to sweat for the fruits of their crime. Install a good electronic burglar alarm, preferably the silent type based on motion disturbance. If you think money is bypassing the cash register, hire a shopping service to check on your employees. You have a responsibility to keep your staff honest by making it difficult for them to steal.

Resolve to plan your advertising in advance rather than waiting until the last minute to repeat an old ad or, even worse, allowing the ad rep to create your campaign. Thanks to desk-top publishing, you can set up your own in-house advertising agency for a relatively nominal cost.

Resolve to create your own mailing list for direct-mail promotion. Capture the names of every customer who walks through your door. The people who darken your doorway are not there by accident. If you have their names and addresses, you have a better chance of turning them into customers.

Resolve that you are not selling a product but satisfying one of mankind's oldest known social needs. Music is more than a profession or a business. It is a special calling.

To all who have read this far, Happy New Year.

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Editor